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CONTROVERSY ON SCHMIDT'S TNF OFFER REVIEWED

Munich SUEDDEUTSCHE ZEITUNG in German 28 May 80 p 9

[Article by Christian Potyka: "A Breakthrough and Its Interpretations--Dispute Between Helmut Schmidt and the Frankfurter Allgemeine Zeitung--The Chancellor's Remarks Concerning NATO's Arms Decisions"]

[Text] To arrive at a judgment in the argument whether or not Federal Chancellor Helmut Schmidt's recent remarks indicate a change in his attitude toward the so-called NATO armament decision of 12 December 1979, it is necessary to scrutinize three things. First, various statements by Schmidt on this subject since 11 April, all of which were subsequently elucidated by supplementary remarks. Second, to judge the chancellor's statements one must take a good look at the NATO armament decision itself, which is also subject to various interpretations. And third, it is of interest to study in this context a number of SPD statements which deal either with the NATO decision (and the position taken thereon by last December's SPD party conference in Berlin) or with Schmidt's recent pronouncements.

The start of the federal chancellor's references concerning the delicate question of the European intermediate range area occurred in his speech at the Hamburg SPD Land delegates' conference on 11 April. On this occasion, Schmidt dealt with security policy and commented in general on the current situation as follows: on the one hand, all European states are presently expecting the United States to ratify SALT II; on the other hand, they expect the USSR to be prepared to negotiate the matter of medium-range weapons. There could be no doubt, he stated, that the USSR was continuing to use a unilateral arms buildup (especially by SS 20 missile deployment) to gain further advantages and thereby to change the equilibrium. From this Schmidt drew the following conclusions: "In objectively evaluating the interests of both sides, a first possible step, in my opinion, would be for both sides to renounce during a certain number of years, to be agreed upon mutually, to deploy additional or new medium-range weapons, and to use this agreed-upon time span for negotiations on limitations on both sides. I must admit that this proposal would, during the limited time period, maintain the

advantage already gained by the USSR. But I must add that this would be the case also if no such agreement were to take place; because the West too would require 3 years to deploy the first new Western armaments."

New Food [For Critics]

These words were transcribed from a tape recording. Alert observers of this Schmidt performance noted with some concern (for the first time in DIE WELT of 19 April), that Schmidt had stated three times in Hamburg that the time period of the deployment pause should be discussed with Moscow (!). These critics found new confirmation for the interpretation and their fears when the SPD press service on 13 April cited excerpts from the Hamburg speech with changes in the actual wording. In the SPD press service's transcript, the federal chancellor allegedly said: "There could be a first step in the right direction if both sides renounced, during a certain number of years, the deployment of new or additional medium-range weapons and used this time period for negotiations. I admit that the presently existing advantage of the USSR would remain intact during that period. But this would be the case anyway during the next 3 years; in fact, the Soviet advantage would even increase during that 3-year period, which the West needs for its production."

In the meantime Schmidt had touched on the subject during an SPD election event in Essen on 12 April as well. According to the equally alarmed FRANKFURTER ALLGEMEINE ZEITUNG, the federal chancellor on this occasion extended the period to be used for negotiations for an especially explosive "2 to 4 years." On 15 April, the SPD presidium at its meeting in Berlin supported Schmidt's proposal--now with the wording that East and West should renounce "during a certain number of years" the deployment of new medium-range weapons and should negotiate during that period.

Finally, on 17 April the federal chancellor provided specifics on his missile proposal by way of the Bonn press and information office to the Duesseldorf Land press conference. This is what Schmidt said: "I have therefore taken the liberty of expressing the thought which I, as well as the Federal minister of foreign affairs and others, have already publicly expressed last fall: that the USSR should not deploy any additional modern medium-range weapons either, as is already the case for the West."

Search for a Fair Solution

The federal chancellor specifically emphasized a "3-year period." During this period, the program for both sides would be to negotiate, and not to deploy missiles. This would be a fair solution for both sides. The federal chancellor was equally emphatic about the fact that these ideas are in every respect "firmly linked with the basis of this twin resolution

which we ourselves helped to bring about," referring to the NATO decision of last December, "which we emphatically support." This is followed by a sentence which is designed to introduce a new element into the NATO decision: "We are of the opinion that efforts should be made to use the available time period, which is not specifically mentioned in the NATO decision, to initiate preliminary negotiations between the United States and the USSR."

A Signal With Good Prospects of Success?

In this context the SPD-leaning political observer interpreted the federal chancellor's initiatives as a "surprising disarmament-directed breakthrough" with the objective of creating a new point of departure for talks with the USSR despite the rigid international situation. Schmidt, he continues, has apparently gained the impression that a signal to Moscow to resume arms control policy contacts could have some prospects of success. But CSU chief and Union candidate for chancellor Franz Josef Strauss attacked Schmidt's proposal as a "bald affront to NATO."

In trying to render a judgment by consulting the NATO armament decision, one is once again descending into the realm of interpretation. According to a strict and narrow interpretation on the part of those who are suspicious of the time periods mentioned in Schmidt's statements, the NATO decision can be summarized in two main thoughts. First, the ministers of the Western Alliance voted unanimously (though with some misgivings on the part of The Netherlands and Belgium) to commit themselves firmly to the emplacement of modern medium-range weapons, even though their actual deployment could not start until 1983 due to production problems. Second, NATO's need for new medium-range weapons would always be examined with respect to concrete results of the desired negotiations on armament limitations. This would however in no way constitute a "cancellation clause," as claimed by the SPD. This would follow from certain phrases contained in the decisions by the ministers, as for instance the "principle of parity between the two sides."

But the SPD specifically considers the so-called cancellation clause to be the most important result of last December's party conference, which took place immediately preceding the NATO decision and with a nod toward Brussels. In this context, the chairman of the SPD Bundestag fraction, Herbert Wehner, registered his opposition to the twin decision on 15 March during a party leadership conference of the Saarland SPD. Having emphasized that it was out of the question to permit "exclusive emplacement of nuclear medium-range weapons on German soil," he stated, with an eye to the future, that the next few years would see a decision as to whether some brakes could be put on the nuclear arms race, or whether the danger to the entire world would escalate some more. "And therefore nothing must be automatic. The progress of negotiation and the expected results must be such that the politicians, if they are worthy of the name, can at any time take another look at decisions and, if necessary, amend them--even in the Atlantic Alliance."

A Serious Offer

During this session, Wehner confirmed the resolution of the Federal party conference to the effect, in his words, that "the Federal government would permit the emplacement in Europe of medium-range weapons, to be developed in the United States on their own responsibility, which in any case could not happen until 1983, only subject to the cancellation clause that they would be turned down in case arms control negotiations were to yield satisfactory results." This, he continued, was firm; we would neither permit ourselves to be "talked out of it" nor to let others "force any other programs down our throats."

Asked in a SPIEGEL interview at the end of April whether in the stagnant post-Afghanistan situation in East-West relations the Federal government had received any encouraging signals from Moscow, Defense Minister Apel said that he did not know of any. But, he said, the USSR had apparently underestimated NATO's readiness to reestablish military equivalency through rearming, in case of need. "We want to send out one more reminder that we are serious about our offer to negotiate. Our time runs out in 1983." Should the negotiations remain unsuccessful, the new U. S. medium-range weapons would thereafter be deployed in Western Europe.

Quiet Examination

SPD politician Horst Ehmke argued for an extension of the 3-year period in an interview with DIE WELT during the middle of April. Since the new weapons would not in any case be available to the West until 1983, he said, and everything would remain in accordance with the NATO decisions, only one question was remaining: how, in this worsening situation, the tension could be reduced to the point where negotiations would be possible at all. With respect to the Federal chancellor's breakthrough, Ehmke concludes: "The chancellor made his proposal because he realizes that this will take time. But we should quietly reflect on the question of whether we should not try to get some additional time beyond the three years required by the United States for the production of the new medium-range weapons." Otherwise, he said, the USSR would gain a unilateral advantage during those 3 years. But should it in the meantime quit deploying additional missiles, NATO could give some additional thought to the timing of deploying the weapons which are still in a state of development.

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FUTURE OF NUCLEAR FORCES DISCUSSED

Paris DEFENSE NATIONALE in French May 80 pp 11-20

[Article by Colonel Guy Lewin: "Future of French Nuclear Forces"]

[Text] Colonel Lewin is the assistant director of the Research and Evaluation Center. A recent article of his, published in the January 1980 issue of DEFENSE NATIONALE, dealt with the French deterrent, the anticities strategy, and argued that the doubts being expressed about the French doctrine of deterrence were unwarranted. In his article published below, however, Colonel Lewin takes stock of the situation, outlines the real problems facing the future of our nuclear forces and discusses possible solutions thereto. Contrary to the arguments advanced by sensationalists, France is not at the crossroads. Nuclear deterrence based on an anticities strategy continues to retain all of its value and importance.

For the past few months, newspapers and magazines have abounded in articles discussing the studies being conducted in France in preparation for the decisions that have to be made about the future of our nuclear forces. In this connection, frequent reference is made to "highly sensitive dossiers," "explosive choices," and "reappraisal of our defense policy," and each article's author offers his own personal analysis and prognoses. The following article attempts to place this debate in its true perspective by explaining the facts surrounding the problems to be resolved and describing conceivable solutions.

Why is there such intense interest in this subject in 1980? The main reason is related to the timetable for bringing our nuclear weapons to operational status. It takes 10 to 15 years to design and produce a weapon system. At the present time, previously made decisions cover practically all the requirements of our nuclear forces up to 1990. Hence now is the time that the initial decisions for the post-1990 period have to be made. It is quite evident that such decisions cannot be made by dealing solely with the sequence of armament programs. It is, in fact, necessary at this juncture to examine

developments in both the strategic situation and the threat we face, and analyze foreseeable technological advances. Then, on the basis of this data we must check the validity of our defense concept and define possible improvements therein. Lastly, we must determine the equipment and forces required to implement that improved concept. All of this presupposes lengthy and complex studies which the defense minister initiated early enough to have their conclusions available to him at the right moment.

We shall first review the current situation and the implications of those decisions already made.

In 1980, after operational deployment of the Le Tonnant SNLE (Nuclear Missile-Launching Submarine), we have five submarines armed with M-20 missiles--1-megaton warhead and range of 3,000 kilometers--thereby ensuring that two SNLE's will always be on patrol, with a third one on patrol more than 60 percent of the time.

A sixth SNLE, the L'Inflexible, will become operational in 1985 with the new M-4 missile. The M-4 carries several 100-to 150-kiloton warheads and has a range of some 4,000 kilometers. It is planned to refit the other SNLE's to accommodate the M-4 system. A third-generation SNLE is to be produced for deployment in the last decade of this century. The decisions that have to be made involve not only the technical specification of submarines and weapons but also the composition of the Strategic Naval Force (Force Oceanique Strategique).

The SSBS (Strategic Surface-to-Surface Ballistic) missiles on the Albion Plateau are being modernized. The S-2 missiles--single 150-kiloton warhead and a range of 3,000 kilometers--are being replaced with S-3 missiles each delivering a single 1-megaton warhead out to a range of 3,400 kilometers. The first group of nine S-3 missiles will be operational in 1980, the second in 1982.

The manned strategic component consists of some 40 Mirage 4 bombers, each carrying a 60-kiloton bomb. These aircraft will reach the end of their design service life about 1985. At that time, only some 15 of them will be kept in service, namely those retaining the greatest potential after being equipped with ASMP's (air-to-surface medium range missiles). Inasmuch as the aircraft carrying these missiles will no longer have to fly over the target and come within effective range of the target's local defenses, the weapon system's penetration capability will thus be improved. Hence the Mirage 4 component of the strategic deterrent force will have lesser aircraft but greater effectiveness and, therefore, could be kept in service during the 1990's.

Our tactical nuclear weapons, the AN-52 bombs currently carried by Mirage 3 and Jaguar aircraft, are to be replaced beginning in 1985 by the ASMP missile (with a warhead of more than 150 kiloton) that will arm the Mirage 2000. The Pluton mobile surface-to-surface missile system (10-kiloton warhead, range of 120 kilometers) assigned to five French Army corps artillery regiments

will have to be replaced within the next 10 years. No decision has yet been made on the characteristics of its successor.

Above and beyond this list of weapon systems, it must be borne in mind that the most important development in the next 10 years is the deployment of the M-4 missile system. This missile's increased range will enable submarines to enlarge their patrol area and thus reduce their vulnerability. The multiplication and hardening of the missile's reentry vehicles will give the system a high penetration capability against enemy defense. Lastly, but most important of all is the fact that the number of targets we can threaten will increase considerably. This number will more than double between 1985 and 1990. For this reason, everything has been done to ensure the quickest possible production and deployment of the M-4 system which in the coming years will constitute the determining element of the deterrent's effectiveness.

In the subject areas of our analysis, what are the main factors likely to have an impact on our concept or on our choice of weapon systems?

In the international context, those factors are:

1. The USSR's attainment of strategic nuclear parity with the United States, a parity confirmed by the SALT 2 agreements. Provided the current deterioration of detente does not jeopardize these agreements, the threat of employing American strategic nuclear systems in the defense of Europe may become less credible and the probability of a limited conflict in Europe may become greater;

2. Intensified civil defense measures being taken in the USSR;

3. Increased number of destabilization attempts in the Third World;

4. Increased vulnerability of our supplies of raw materials and especially our energy supplies.

As for the "threat," the major development in that regard is the USSR's deployment of the mobile SS-20 missile. The SS-20 is much more accurate than missiles of the preceding generation and carries multiple 200- to 300-kiloton warheads. This missile gives the USSR a new counterforce preventive strike capability, thereby making the USSR's means consistent with its announced defense policy. The level of accuracy attained is not yet sufficient, however, to enable an SS-20 attack meant to neutralize nuclear forces based on our territory to possibly have the aspect of the "surgical strike" described by certain experts. Yet the damage inflicted upon populations and the environment would still be extensive.

Lastly, we must focus our attention on the following technological factors:

1. Underwater detection techniques. Although pinpoint location of a submarine is possible at the present time, it seems unlikely that, despite the current extensive research in this field, anyone can in the medium term acquire the capability of systematically finding the position of all the submarines at sea and especially of tracking them. In the longer run, however, we cannot safely rule out the possibility of a future technological breakthrough in this field.

2. Antimissile defense. Even though the Americans and Soviets did commit themselves in the SALT I agreements to strict limitation of their antimissile missiles (ABM's), they are, nevertheless, continuing their research in such other related fields as charged-particle beam weapons or laser weapons. The chances of developing such weapons are still hypothetical, but research efforts to this end remain considerable.

3. Accuracy of missiles. Significant advances are to be expected in this field as a result of the development of terminal guidance systems. In the next few years, the USSR should be able to attain those levels of accuracy already obtained by the Americans. With characteristics comparable to those of the Pershing 2 missile, a 1-kiloton warhead will be sufficient to destroy a hardened target that heretofore necessitated a warhead of a few hundred kilotons.

4. Miniaturization of nuclear warheads. This miniaturization is designed to enable one missile to carry several reentry vehicles, but it also permits developing lighter single-warhead missiles. A range of a few thousand kilometers becomes accessible with a missile weighing only some 10 tons and capable of being transported by a truck-mounted launcher. This makes mobile surface-to-surface ballistic missile systems possible.

5. Cruise missiles. These are small drone aircraft weighing approximately 2 tons and flying at very low altitude, thus making radar detection of them difficult. They also have a good probability of penetrating defenses employing surface to-air weapons. Frequent references to the choice between a mobile surface-to-surface missile and the cruise missile are incorrect. Like a ballistic missile, the cruise missile can be used in a truck-mounted mobile surface-to-surface system. On the other hand, only the cruise missile can be launched from an aerial platform.

6. Enhanced radiation weapons (or "neutron weapons"). These low-yield--about 1 kiloton--weapons produce only minor blast and thermal effects on the surface when exploded at optimum height. Consequently they do not destroy the environment, particularly dwellings. Their effectiveness comes from the fact that they emit a burst of neutrons that penetrate the armor of tanks more than they do earth or construction materials. It is the nuclear weapon that best lends itself to employment close to friendly forces or in friendly territory. Even though it is primarily a battlefield weapon, its use against

enemy forces can, nevertheless, constitute a warning linked to the strategic deterrent: the dialog of deterrence is a matter of strategy more than one connected with the technical nature of weapons.

Before taking up those problems related to our nuclear forces, it is necessary to reiterate the important aspects of our defense policy, aspects that should not be called in question by current developments. For instance, can we affirm that France will maintain the independence of its defense policy based first and foremost on nuclear deterrence.

This independence is altogehter compatible with our membership in the Atlantic Alliance. That membership remains imperative because our security greatly depends on Western Europe's security. To cope with the different threats to this security, some of which could be unrelated to nuclear deterrence, we must have conventional forces capable of effectively waging war in Europe, even if that war is of short duration. But our interests are not limited to Europe. Our conventional forces have to be capable of acting outside our national territory to help friendly countries requesting such help. We must also have naval forces capable of protecting our supply lines. No impasse is acceptable and that is why we cannot confine ourselves exclusively to an all-nuclear effort, even one based on submarines. We must plan our nuclear effort within a framework that takes these necessities into account.

The problems facing us in connection with our future nuclear forces will have to be resolved within this framework. These problems may be summarized in four basic questions.

1. How Can We Ensure Survival of Our Nuclear Forces Against a Preventive Attack? This is the dominant question in the current debate.

Because of their undetectability, the SNLE's should continue to be the preponderant element in our strategic nuclear force for a long time to come. The composition of the Strategic Naval Force is a function of the characteristics of the submarines, the capabilities of their weapons, and the required degree of destruction to be inflicted upon the enemy. In taking this approach, we very quickly reach a threshold above which submarines would no longer have to deal with anything but secondary targets. Hence there is a limit to the investment in deterrence, especially since the Strategic Naval Force is subjected to severe technical and human constraints.

Moreover, it would be unwise to place all of our nuclear deterrent capability solely in submarines. Even though submarines are currently shielded from the risks of systematic destruction, they still may be detected by chance and then anonymously destroyed. This is a specific risk that cannot be ignored. It is necessary, therefore, to have other nuclear forces based inside our national territory, forces that can be threatened solely by an attack unequivocally aimed at that "sanctuarized" territory. It is also desirable to ensure that

these forces have sufficient invulnerability to replace the SNLE's in the event a technological breakthrough in underwater detection should one day compromise their security.

Current studies are exploring alternative solutions, particularly by seeking to capitalize on the mobility of systems so as to prevent the enemy from locating them. Thus some of the solutions under consideration include employment of mobile ballistic or cruise surface-to-surface missiles. Other conceivable solutions include high-capacity aircraft each carrying several cruise missiles, or a larger number of combat aircraft each carrying one or two missiles and shifting in random fashion between a large number of alternative airfields. All of these solutions raise the difficult question of choosing between a status of permanent mobility, with all of its implications and constraints, and a mobility limited to certain periods but with the risk of not having the necessary warning time. Mobility, however, is not the only usable factor. It can be replaced or supplemented by concealment and protection, or by camouflage.

2. How Can We Maintain the Effectiveness of Our Anticities Strategy in Spite of the Civil Defense Measures Being Taken by the Enemy?

The answer undoubtedly lies in increasing the number of targets and in their selection, the goal being to annihilate the enemy state's structures and vitals, even if part of the population in the target areas escapes destruction. Thus there is a distinction between an "anticities" strategy and a strictly "antipopulation" strategy.

This strategy will no doubt cause us to arm ourselves with a large number of medium-yield warheads in preference to megaton-yield warheads.

From this standpoint, our M-4 program unquestionably enhances the value of our nuclear weaponry to a remarkable extent.

3. How Can We Make Sure That Our Weapons Will Penetrate the Enemy's Antimissile Defenses?

The M-4 system with its hardened multiple reentry vehicles has already been designed to penetrate defenses employing nuclear antimissile missiles of the type currently deployed.

Increasing the number of reentry vehicles will always remain a favorable method of saturating enemy defenses. But we must be prepared to harden these vehicles against the threat of the different systems likely to attack them in flight, whether these systems be based on explosive weapons or radiation.

For this reason, qualitative enhancement of our nuclear weaponry is at least as important as its quantitative augmentation.

4. What Missions Should Be Assigned to Tactical Nuclear Weapons? What Specific Weapons Should Be Chosen To Accomplish These Missions?

Tactical nuclear weapons (ANT) are theater weapons designed to be used against forces engaged in combat operations or against their rear areas (support units and installations, airfields, etc.) Their characteristics, number, and the conditions of their possible employment depend on the approved concept, in other words on whether ANT's are considered supporting weapons, a sort of superartillery, or "weapons of notification," the employment of which has political import. The French concept rejects the doctrine of combat with general use of nuclear weapons. It adheres to the "notification" idea and views ANT employment as serving as a warning of imminent recourse to strategic retaliation.

Nevertheless, even in the French concept, tactical nuclear weapons must have real military effectiveness so as to inflict upon the enemy a counterblow that clearly notifies him of our determination. The ANT's characteristics must be determined on the basis of that required military effectiveness. The characteristics of the Pluton missile's successor will have to take into account those requirements specific to ground combat and must also complement the characteristics of the Mirage 2000-ASMP system which has already been approved and is highly suitable for destroying targets deep in enemy territory. The new system will be characterized by the range of its delivery vehicles and by the nature and yield of its warheads.

Because they readily lend themselves to employment in friendly territory and in the immediate proximity of friendly troops, low-yield enhanced radiation weapons are no doubt the most suitable weapons for use against armored forces in contact, in other words in areas where these forces are likely to concentrate and thus constitute highly detectable and locatable targets. We cannot see why a weapon that kills the enemy aggressor without destroying the country we are defending should be rejected offhand as some of its critics maintain.

It should be clearly understood that the decision to arm ourselves with neutron warheads would not thereby constitute a change in our defense policy. The characteristics of these weapons do not alter the concept of deterrence.

They merely determine the modalities thereof. Even with enhanced radiation weapons, French defense policy will continue to be based on deterrence.

Without claiming to be exhaustive, this article has outlined, in simplified fashion, the problems to be solved. Above all, it has sought to show that, contrary to what sensationalists contend, France is not at the crossroads. Nuclear deterrence continues to retain all of its value and importance, and we must not expect a reappraisal of the validity of our defense policy in the coming months.

The process is simply one of taking stock of the present situation and attempting to foresee its future strategic, tactical, and technological developments, and then drawing appropriate inferences therefrom in order to adapt our defense establishment to these developments in such a way that it can continuously ensure the security of Frenchmen and the protection of our vital interests against all threats.

8041
CSO: 3100

UDF BESET BY DOCTRINAL DIFFERENCES ON DEFENSE

Paris LE FIGARO in French 5 May 80 p 8

[Article by Paul-Marie de la Gorce: "The UDF and Defense: Doctrinal Differences"]

[Text] Putting the fifth French nuclear submarine, the "Tonnant," into service, construction underway on the sixth and the announcement by the minister of defense of the preparation of a third generation of submarines should all serve to substantiate the clearcut intentions of official operations on the subject of defense: in fact, these events would be meaningless if they did not confirm the government's determination to assure the country's safety through national nuclear dissuasion. Nothing appears more logical, this defense system being the most coherent, the most compatible with a country the size of ours, also the least costly--0.5 to 0.6 percent of the GDP--and, moreover, one which receives the common support of the principal political forces.

However, does not this unanimity itself risk being broken? One would have reason to think so upon reading the report drafted by the Defense Committee of the UDF [French Democratic Union], to be published at the end of the month. Despite a few preliminary precautions and appropriate quotations, this text is undoubtedly in opposition to the doctrine chosen by the president of the republic, reaffirmed by the government, incessantly proclaimed by the minister of defense and again taken into account by the general staff. This contradiction, which appears with a reading of the complete report, is particularly clear on a few essential points.

The report states that "there should be ample room for tactical nuclear armament whose action would be combined with that of conventional means, land, naval or air, in a concept of warfare which, itself, would be inscribed in an overall strategic concept." This is precisely the opposite of what is taught every day in the armed forces and of what serves as the basis of the French concept of the use of tactical atomic weaponry, according to which the latter must in no way serve as "superartillery" and has no other objective, beyond the time limits given the government and an evaluation of the enemy's effort, than to be a final warning before the use of strategic nuclear weapons. Despite hesitations which he appeared to have in a 1976 article, General Mery,

army chief of staff, wrote very clearly in March 1977: "The French concept rejects any prolonged nuclear warfare. On the contrary, it ties the use of tactical nuclear weaponry directly to that of strategic nuclear force. The savage and widespread use of our ANTs [Tactical Nuclear Weapons] in a confrontation must have an essentially political significance."

New Situation

The UDF report writers further state: "Strength lies in recognizing that only abundant and effectively operating tactical nuclear weaponry can offset the enormous superiority of the potential adversary in conventional weapons." On this point, they are going against the grain both of the French concept, which has never foreseen this "compensation" for the numerical forces of the Warsaw Pact by tactical atomic weaponry, and of the development of NATO. The latter, as is known, is directed toward the deployment of medium-range nuclear missiles of the Pershing II type to balance those of the Soviets--even though one might doubt the effectiveness of the weapons chosen. However, during the last few years, the strongest reservations had been expressed by American leaders on the possible use of tactical nuclear weapons, and this use had, in reality, become highly problematical, while the accent was placed on the probability of vast conventional confrontations. We must go back 10 or 15 years to find a NATO doctrine comparable to that of the writers of the UDF report, that is, at a time when the United States was almost alone in possessing tactical atomic weaponry and, in fact, was preparing for its use to "offset the enormous superiority of the potential adversary in conventional armaments." But naturally, the simultaneous deployment of tactical nuclear weapons by the Soviets made this doctrine obsolete, and its consequences, if implemented--that is, the use of its tactical weapons by the adversary--would moreover be catastrophic for the peoples of Western Europe.

To which we might add that the report seems to ignore or minimize the new factor which is determining the complete strategic development to be pursued by our continent: the deployment of the Soviet S.S.20 Euromissiles. Tactical nuclear weapons, at least the land-based--which is the case with most--are, in fact, only slightly mobile or not at all; they would therefore be perfect targets for a "preemptive" shot with the S.S.20s. We would not be caricaturing the report in saying that, through its insistence in evoking vast confrontations with conventional forces "enhanced" by tactical atomic shots, it ascribes to the adversary the intention of carrying on precisely the type of warfare in which one would like for him to engage.

The Theory of the Return to NATO

However, the main point is probably that of the concept of the relations between the French forces and those of NATO. Here there is no ambiguity. Except for one phrase which would leave it up to France to choose the moment of its engagement in a confrontat'on, the report is very clear: "France's

security would be at stake from the moment of the first fighting in Europe"--which, in passing, parenthetically implies nuclear dissuasion. And again: "The participation of French forces can therefore not be problematical. There can be no doubt as to France's engagement in the conflict. Its contribution to the war must be defined without reservations." The twofold characteristic of military integration, which is itself at the heart of the NATO system, is subordination and automatic cooperation. The first would obviously hold true, since the French forces would be only a fraction of the total Atlantic forces. The second, as is seen, is proclaimed here without the slightest reserve. It therefore goes without saying that there must be a return to NATO.

Many other aspects of the text prepared by the UDF writers will undoubtedly give rise to heated discussion. Their excessive insistence on the "fight against subversion" and still more a formula such as this: "We must without further delay prepare for the first battle in which civil defense would have to engage: in the case of a serious crisis, prevent the rise and blind action of an army of conscientious objectors," show clearly that, in the minds of the UDF writers, we would not be able to distinguish between foreign war and civil war; it is not at all sure that the army would be pleased with the missions it would thus be expected to carry out. But the main point remains: the contradiction between the strategy theories of the report and those of the government. It would be difficult for the latter to pretend not to be aware of that contradiction.

8568
CSO: 3100

BUTTRESSING OF NATION'S NUCLEAR FORCES RECOMMENDED

Paris LE MONDE in French 23 May 80 p 44

[Article: "France Must Have 10 or 11 Missile-Launching Submarines Before the Year 2000"]

[Text] In a report submitted on behalf of the National Assembly's defense committee, a report reviewed by committee members on Wednesday afternoon 21 May and Thursday morning 22 May, Raymond Tourrain, RPR [Rally for the Republic] member of Parliament from Doubs, advocated increasing the number of missile-launching strategic submarines to 10 or 11, augmenting the nuclear firepower of the missiles based on the Albion Plateau in Haute Provence, and initiating a study of production costs for 50 Mirage-4000 bombers.

His colleagues on the defense committee had assigned Tourrain the task of preparing a report on "the status of the nuclear forces, their modernization and desirable expansion over the next 2 decades." A parallel should be drawn between this defense committee project and studies currently being made by the general staffs in preparation for decisions expected on this same subject next summer by the Defense Council chaired by the chief of state.

Tourrain outlined the initial conclusions he had reached after a series of interviews with military and civilian experts. His final report will not be published before September 1980.

In his initial conclusions, Tourrain advocated "giving the Strategic Naval Force the priority of priorities." He explained: "To obtain a reassuring margin of safety, this force should include four new submarines (including the L'Inflexible) to be added between now and the year 2000 according to timetable to be determined, or five new submarines in the event it is not decided to completely refit the Redoutable."

For the Albion Plateau missiles that "must be retained," Tourrain requested "deeper burial underground, increased hardening, and installation of a third group of missiles." This would raise the number of underground missiles in that region to 27. Tourrain also recommended that three of the four silos used to test fire missiles at the special Landes Test Center be converted

to operational sites equipped with S-3 missiles similar to those already in service at the Albion Plateau base.

As for the future of the Mirage-4 nuclear bombers scheduled for gradual withdrawal from operational service after 1985, Tourrain requested action be taken to estimate the cost of a program of some 50 Mirage-4000 aircraft. The latter is the twin-engine version of the Mirage-2000 adopted by the French Air Force for its air defense requirements.

In another of his conclusions, Tourrain noted--on behalf of the defense committee on which he had served as one of the vice chairmen until last year--that "tactical nuclear weapon employment must be accomplished by means of a direct, savage, massive, and powerful strike."

"The enhanced radiation weapon produces much greater radiation effects than blast and thermal effects," Tourrain wrote, "but it adds little to the deterrence of tactical nuclear weapons.... Nevertheless, France cannot deprive itself of attractive defense-related inventions and the defense committee's rapporteur is not opposed to the production of this weapon. Yet it must be clearly understood that the concept of a protracted battle must not serve as justification for deployment of the enhanced radiation weapons," also called the neutron bomb.

Tourrain's report does not yet offer any cost estimates for its recommendations. But his advisers estimate that they involve a nuclear program totaling capital expenditures of approximately 80 billion francs, given the fact that France has obligated about 220 billion francs (1980 prices) since the beginning of its nuclear capital investment outlays.

8041
CSO: 3100

ALBION PLATEAU BASE GETS NEW S-3 NUCLEAR MISSILES

Paris LE MONDE in French 23 May 80 p 28

[Article by Jacques Isnard: "Albion Plateau Base Receives First Thermonuclear Missiles"]

[Text] Defense Minister Yvon Bourges is scheduled to visit Apt Air Base in Vaucluse on Friday 23 May, where he is to attend ceremonies officially placing into operation the new S-3 strategic nuclear missiles installed in underground silos on the Albion Plat4au in Haute Provence.

This visit marks the completion of the first phase in the modernization of the Albion Plateau missile base which is programmed to remain, during the 10-year period 1980-1990, one of the three pillars of the French deterrent force along with the nuclear missile-launching submarines and a few Mirage-4 bombers scheduled to remain operational beyond 1985.

The Albion Plateau lies astride the junction of the borders of the department of Drome, Vaucluse, and Alpes de Haute Provence. Its missile installations consist of 18 underground silos scattered around their support facility, the Saint Christol Air Base. These 18 missiles are organized into two launch units of 9 missiles each with their respective underground launch control centers located in a mountain near Rustrel and Reilhannette. Plans for a third launch unit were abandoned in 1968.

These two launch control centers are manned round-the-clock by teams of two air force officers and are in permanent communication with the command posts of the Strategic Air Forces Command (COFAS) at Taverny, Val d'Oise, and Mont Verdun, Rhone. These command posts would, should the occasion arrive, receive their orders to fire the missiles from the chief of state. There are multiple communications links between the COFAS command posts and the Albion Plateau launch control centers: five independent communications nets. In addition, there is a "survival" link permitting launch orders to be issued even after normal communications are disrupted by nuclear or conventional bombing attacks.

Prior to the current modernization program, all Albion Plateau silos were equipped with S-2 missiles. Missiles assigned to the Rustrel launch control center were installed in August 1971 and those assigned to the Reilhannette launch control center in May 1972. The 15-meter S-2 missile weighs 32 tons. It is a two-stage solid-propellant missile armed with a 150-kiloton warhead, i.e. eight times more powerful than the Hiroshima bomb. The first stage weighs 16 tons, the second 10 tons.

In 1974, the government approved modernizing the system and decided to arm it with a 1-megaton warhead, i.e. more than 50 times more powerful than the Hiroshima bomb. This is the same warhead installed in the M-20 thermonuclear missiles carried by all of the operational French nuclear submarines.

This modernization program called for equipping the first unit with S-3 missiles between July 1978 and May 1980, and the second unit with similar missiles before 1982. On 23 May, the defense minister is to attend the commissioning of the first of these S-3 units, the Rustrel launch unit.

Implementation of the S-3 program was assigned mainly to the Atomic Energy Commission (CEA) and Aerospatiale (SNIAS). Total program cost is some 2 billion francs. The S-3 missile retains the S-2 missile's first stage and has a higher-performance 6-ton second stage, plus a new warhead reentry system.

The S-3 is lighter than the S-2. It weighs 26 tons, is less than 14 meters high, and has a range of more than 3,000 kilometers. The thermonuclear warhead and reentry vehicle have been hardened, in other words shielded against the effects of a high-altitude antimissile missile burst.

The Albion Plateau silos are each several kilometers apart and scattered over a surface area of 36,000 hectares. They have been so sited as to make each of the missiles a separate target for a possible enemy strike. Thus to be effective, an enemy attack must score a direct target hit on each silo.

Calculations based on current knowledge of the yield and accuracy of the potential enemy's weapons indicate that to destroy these 18 silos simultaneously would require attacking the Albion Plateau with as much as 20 megatons of firepower, in other words with 10 times the total power of the bombs dropped between 1939 and 1945 on Germany and territories occupied by the Nazi army.

This would indeed be a large-scale strike by a potential enemy who would thereby take the initiative of starting a nuclear war on our national territory at the risk of drawing immediate retaliatory strikes from our less vulnerable strategic submarines on permanent operational patrol.

8041
CSO: 3100

PCI DRAFT BILL ON RESTRUCTURING LOGISTICS

Rome L'UNITA in Italian 14 May 80 p 7

[Article by Sergio Pardera: "How To Restructure Arsenals and Military Plants"]

[Text] Rome--One of the urgent problems before Parliament is the restructure and reorganization of the Ministry of Defense's industrial sector. (The Chamber of Deputies' Defense Commission will take up the matter this morning.) This involves a network of 30 arsenals and military plants, 6 technical centers and numerous camps and experimental ranges. Their production capacity has not, for a long time, met the demands called for by the complexity of modern weapons, which are ever more sophisticated, nor the technical-logistic and support demands made by the armed forces because of the obsolescence of the tools and equipment available. Military leaders themselves view the efficiency of Italian arsenals and military plants as "very low."

One of the indices of the crisis in this sector is the personnel makeup (laborers, technicians, employees and the military): there are slightly more than 16,000 out of a total need of 28,000. The cost to the state today exceeds 85 billion lire yearly. In order to make up for the shortcomings of the Ministry of Defense's industrial apparatus, which incurs very high financial losses, focus is more and more directed to private firms.

The problem has been studied in a systematic manner by the PCI. A draft bill has been introduced, (Comrade Vito Angelini's signature in first place), which proposes a 10-year plan of restructure and reorganization of military plants and arsenals, to be undertaken using an overall, general view of the military industrial complex as well as within the framework of the 3-year program for restructuring Italian industry.

The 10-year program proposed by the PCI, divided into two 5-year programs calls for:

1. Reorganization of existing arsenals and plants, focusing on the creation of integrated complexes, capable of furnishing modern and efficient

logistical support to operational units of the three armed forces taking into account armament programs called for by the "Promotional Laws" and the need for triservice planning and programing as well as producing, in a uniform, coherent manner mechanical, physical, chemical and electronic components for weapons systems being used by the three services. All of the above to take place while optimizing all plant resources presently available.

2. The transfer of proposed new industrial complexes, with the aim of favoring increased industrial activity, as soon as feasible, in the southern regions, while taking into account the needs of the armed forces.

3. The establishment of an administration based on principles and procedures of industry accounting, and administering the law passed in June 1976 pertaining to arsenals and military plants using methodologies borrowed from industry.

4. Reorganization of work programs assigned to private contractors within the framework of the above mentioned plan and programs.

5. Streamlining management of personnel, both military and civilian, focusing both on quantity and quality of professional qualifications, insuring full use of the laborer force as well as the gradual elimination of all counterproductive elements.

The PCI draft bill thus points to the criteria to be followed for the implementation of the plan and programs for the restructure and reorganization of arsenals and military plants; the possibility of doing away with or exchanging state owned goods or equipment no longer of any use to the armed forces; the criteria for the recruitment of apprentice workers and the hiring of certified apprentice workers. The Defense Ministry administration, stated the communist plan, while taking into account union and workers' plant organizations, acts on company reorganization programs and coordinates their inclusion in the "sector plants" which are called for by the appropriate laws. The expenses necessary for the completion of the 5-year plans were calculated taking into account the country's economic situation as well as the government's 3-year program.

A 10-year program for the reorganization of the defense industry was begun 3 years ago by the government. Among others, it called for the reduction of the number of arsenals and plants presently in existence from 30 to 16, maintaining separate sections and technical centers while reducing the manual work force to 18,000, technicians and employees to 4,500 and military personnel to 3,600. The planned expense for the program to be implemented was about 400 billion lire over a period of 10 years.

Such a plan was severely criticized by labor unions and by leftist political factions above all because it was begun very late (and without a preventive debate by the parliamentary commissions), was not part of the national economic plan, nor did it take into consideration plans for the industrial reorganization of the South. The measures enacted in the past few years have resolved no problems at all. The government and the political forces on the other hand will now have to confront one another over the clearcut proposals set forth by the PCI.

9209
CSO: 3104

PROCEEDINGS OF 8-9 MAY ACP-EEC NAIROBI CONFERENCE

Paris LE MONDE in French 13-14 May 80 p 42

[Article by Jean-Pierre Lanpellier: "The End of the Nairobi Conference--the Countries of Africa, the Caribbean and the Pacific Draw Up a Half-Tone Balance Sheet of Their Relations with the EEC"]

[Text] Nairobi--The annual conference of the ministers of foreign affairs of the EEC and of 50 countries of Africa, the Caribbean and the Pacific (ACP) associated within the Lome convention was held in Nairobi on 8 and 9 May. This "routine" meeting took on special prominence because it was pivotal between two conventions--Lome I, which expired on 29 February, and Lome II, which will come into force in September, after ratification of the agreement by the Parliaments of the countries concerned.

Every balance sheet has satisfactory aspects and shadowy zones. The fundamental objective of Lome I was to give priority help to the 35 states that are placed in the category of "least developed" and that represent 42 percent of the population of the ACP. In this regard, the convention has fulfilled its mission in an overall way. These countries have, indeed, received 63 percent of the total financial assistance (88 percent of this in the form of gifts), 60 percent of the regional aid, 59 percent of the payments made under the heading of the STABEX (System for Stabilization of Export Receipts for the ACP Countries) program, and 68 percent of the exceptional aid. The conference decided to continue to "place emphasis on the least-developed, enclaved and insular ACP states..., on training of local personnel, on reduction of the cost of technical assistance without prejudice to quality, on maximum utilization of appropriate technologies, and making use of the human and material resources of the ACP states."

At the top of their list of grievances, the ACP states reproach their European partners with taking too long to pay out financial aid. According to Claude Cheysson, EEC commissioner for development, this complaint is "largely unfounded." At the end of Lome I, he states with certainty, the EEC has met 78 percent of its financial commitments; 45 percent of these sums have been effectively paid out. For a number of reasons relating to the political, economic and social context of certain ACP countries, the total amount of payment credits cannot be released without delay. An example: the seri-

ous violations of human rights in Uganda under the dictatorship of Amin Dada, and the impossibility of controlling the use of aid, had led the EEC to adopt a "low profile" in its policy of assistance to that country. Postponing its participation in all the big projects, the Community had committed only 3 percent of the credits intended for Uganda. Since the fall of the dictator, the EEC has let out the stops. Today, 40 percent of the sums provided for by Lome I have been allocated to development activities. On the other hand, the delays arising in the carrying-out of certain ambitious projects necessarily entail analogous delays in the EEC's payments.

The Price of Sugar

Another point of friction: the matter of the sugar quotas. Upon its entry into the Community, Great Britain, in order to spare its allies in the Commonwealth, had prevailed upon its European partners to sign a sugar protocol guaranteeing the purchase by the Nine from the ACP producers of a quota of 1.3 million tons, in conformity with a quota system. The languishing of the world market from 1975 on made this guarantee particularly advantageous for the producing countries--to the point that today the EEC purchases shiploads of sugar produced by the ACP countries at a price two and a half times that of the world market.

But in 1975, four countries--Kenya, Uganda, the Congo and Surinam--suffering from a drop in production were not able to deliver the promised quotas to the EEC. A grace period was granted them, but in vain. Only Kenya remained an exporter. In 1978, the EEC, arguing on the basis of these defaults, decided to reduce the export quotas of these four countries. The ACP group asked for reestablishment of them. The EEC rejected this demand, considering that the situation of each of the four states is different and requires separate examination. The conference was unable to resolve this conflict. It accepted the proposals of the ACP countries to make use of a good-offices procedure. In case of failure within 4 months, the dispute will be settled by an arbitration procedure. Only Kenya seems well-placed to win its case.

The ACP states complain of the continual deterioration, under Lome I, of their trade balance with the EEC. In Cheysson's view, this myth should be put to rest. "In its trade with the ACP states," he notes, "the EEC has registered a surplus only in 1978. Since then, the trade balance has again been favorable to the ACP states." According to the Community's statistics, the EEC's imports from the ACP countries increased by 20 percent last year. At the same time, its exports decreased by 18 percent. Whence, in 1979, a trade surplus of 1.8 billion ECU [European Currency Units] (or 10.5 billion francs; 1 ECU = 5.85 French francs) in favor of the ACP countries.

The last complaint voiced at Nairobi: the representative of the Ivory Coast --the world's No 1 producer of cacao--denounced the "unconstructive attitude" of the EEC in the course of last April's negotiations on regulation of the market for this product, which represents an essential source of foreign exchange for several ACP countries (Ivory Coast, Ghana, Trinidad). These countries supply nearly 80 percent of the European market. A month after

the cancellation of the international agreements on the price of cacao, the impasse on this subject remains total.

As anticipated, Zimbabwe became, at Nairobi, the 60th member of the Lome convention. Zimbabwe's tobacco and mining products--the case of which was not examined at Nairobi--will benefit very quickly from free access to the European market. The membership in Lome II of a country that has such strong export capacity should permit a tightening of the trade bonds between the Nine and the countries of southern Africa, which want to free themselves from the economic grip of the South African giant.

The ACP countries have obtained from the EEC the anticipated application of the consultation mechanisms linked to the so-called "safeguard" clause. Under Lome I, the Community had reserved to itself the right to invoke this clause unilaterally in order to protect its markets against an influx of certain products from the ACP countries. In 5 years, this mechanism has never operated. However, Lome II provides that the safeguard measures will have to be preceded by consultations which, in practical terms, reduce its compass. This procedure therefore goes into operation starting now.

The ACP group elected a new secretary general, Tom Okello Odongo, a Kenyan of 55, to replace the Malian Tiecoule Konate. Up to the present, Mr Odongo was the executive director of the African Development Bank. The assistant secretary general, who remains on the job, is Edwin Carrington. The group is now directed by two English-speakers.

For a Revival of the North-South Dialog

The Nairobi conference devoted a morning session to informal exchanges of views on revival of the North-South dialog in the perspective of the extraordinary session of the United Nations that will examine this very important matter in September. The ACP countries and the EEC, while taking note of their desire for solidarity, have not overcome their disagreements. In conformity with the doctrine of the "group of 77," the ACP states desire the opening of an overall negotiation making it possible to correct the imbalances in the relations between industrialized and Third World countries. The EEC considers it more realistic and more urgent to attack several priority problems: self-sufficiency in food, the cost of energy, the aggravation of the deficit in the balances of payments. Only the international organizations have the means for helping the ACP states to solve these problems: "It is regrettable," notes Cheysson, "that for political reasons connected mainly with the strategy of the IMF, several tens of billions of dollars are frozen by the World Bank instead of helping the neediest countries."

The importance of the Lome convention is rightly related, in his view, to the fact that it has the force of law. It is a contract that provides the security indispensable both to the governments of the associated countries and to the foreign investors. "And," he adds, "a growing number of developing countries aspire to security. They know that the convention does not take account of the ideology of this or that regime. Lome is completely nonaligned."

Sixty Third World Countries Are Now Associated in the Lome Convention

	Population in millions (1976)	GNP: $ per capita (1977)
AFRICA (43 countries):		
Benin	3.2	130
Botswanda	0.7	410
Burundi	3.95	120
Cameroon	7.6	310
Cape Verde	0.3	550
Central African Republic	1.8	230
Comores	0.31	270
Congo	1.4	520
Ivory Coast	7.0	610
Djibouti	0.1	
Ethiopia	28.7	100
Gabon	0.54	2,590
Gambia	0.54	180
Ghana	10.1	580
Guinea	5.7	150
Guinea-Bissau	0.53	140
Equatorial Guinea	0.32	380
Upper Volta	6.2	110
Kenya	13.8	240
Lesotho	1.2	170
Liberia	1.6	450
Madagascar	9.1	200
Malawi	5.2	140
Mali	5.8	100
Mauritius	0.9	680
Mauritania	1.4	340
Niger	4.7	160
Nigeria	77.1	380
Uganda	11.9	240
Rwanda	4.3	110
Sao Tome and Principe	0.1	490
Senegal	5.12	390
Seychelles	0.1	610
Sierra Leone	3.1	200
Somalia	3.3	110
Sudan	15.9	290
Swaziland	0.5	470
Tanzania	15.1	180
Chad	4.12	120
Togo	2.3	260
Zaire	25.4	140
Zambia	5.18	440
Zimbabwe	6.8	500
CARIBBEAN (10 countries):		
Bahamas	0.21	3,310
Barbados	0.25	1,550
Grenada	0.11	420
Guyana	0.80	540
Jamaica	2.1	1,070
Surinam	0.4	1,370
Trinidad and Tobago	1.1	2.240
Dominica	0.08	420
Saint Lucia		176
Belize		
PACIFIC (7 countries):		
Fiji	0.6	1,150
Kiribati (former Gilbert Island)		
Papua-New Guinea	2.83	490
Western Samoa	0.15	350
Tonga	0.09	330
Solomon Islands	0.2	
Tuvalu	0.07	
	305.2	

11267
CSO: 3100

PROCEEDINGS OF 8-9 MAY FRANCO-AFRICAN CONFERENCE IN NICE

Overview of Conference

Paris LE MONDE in French 13-14 May 80 p 1

[Article: "The Franco-African Meeting in Nice"]

[Text] The Franco-African conference whose proceedings began in Nice on Friday--considered important enough to divert Giscard d'Estaing from the planetary meeting in Belgrade--has the advantage of permitting increasingly broader concertation. Represented at it are 26 states, a growing number of which are not "Francophone." The absence of any form of constraint, institutional or other, gives these periodic meetings, which have been held since 1973, a flexibility appreciated by the participants.

With remarkable obstinacy, the participants feign to exclude political problems from discussion, assuring that only economic development, the key to the continent's future, will be talked about. However, the empty chair of the Liberian minister of foreign affairs, who was shot after a parody of a trial, and the lobbying maneuvers of spokesmen of the Chadian "tendencies" associated within a fictitious "government" should suffice to remind one that instability and insecurity are not related solely to the race for raw materials. By withdrawing its forces from N'Djamena and resigning itself to letting time decide between the belligerents, France is standing back, of course, so as not to appear "interventionist" anymore. But it is seriously disturbing some its friends who are wrestling with Colonel Qadhafi's ambitions.

In the economic area, both the French and the Africans, animated by the same concern to achieve balanced development, are giving priority to the energy and food sectors. They are going to talk, in Nice, about means for providing aid in these two areas to the countries most in need of them, whether because of serious foreign-exchange deficit, insularity, or the fact of being enclaved. The eight states of the Sahel, which are periodically ravaged by drought and whose populations sometimes experience famine, will be the subject of special attention. France, which contributes 20 percent of the international aid granted to these countries, says it is prepared to increase this contribution.

The participants in the Nice summit will find aid to refugees something useful to practice their solidarity on. In today's world, one refugee out of two is an African. A hundredth of the continent's population lives this tragedy. Somalia, present at Nice, will point out that it presently has 1.5 million natives of Ethiopia in it, under doleful conditions.

Finally, Giscard d'Estaing would love to get his European-Arab-African "trialogue" out of the swamp of fine words. In this case as in others, there is no lack of generous intentions and verbal felicitousness. But it is also necessary to translate them into deeds. We are still a long way from that.

Economic Questions, North-South Dialog

Paris LE MONDE in French 13-14 May 80 p 4

[Article by Philippe Decraene: "The Franco-African Conference Opens in Nice --The Economic Questions Are the Only Ones on the Agenda"]

[Text] Nice--The Franco-African conference, which was held last year in Kigali, capital of Rwanda, meets in Nice this year. Since 1973, the year of the first of these seven meetings, the circle of participants has grown constantly. There were only 19 states at the Dakar conference in 1977, but there were 22 at the Paris meeting in 1978, and today there are 26.

France, which, at the suggestion of its African partners, began the calling of these conferences, views this gradual expansion as one reason for satisfaction. Likewise, Paris congratulates itself on the fact that exchanges long limited to the French-speaking African states only now include English-speaking countries such as Sierra Leone, Portuguese-speaking countries such as Guinea-Bissau, and even a country like Somalia that has its own national language.

As on the occasion of the preparatory ministerial meeting in April, there should be 26 participants at the summit. Liberia, though, which in April was represented by its chief of diplomacy, Cecil Dennis, who was shot after the Monrovia putsch, is absent from the present sessions. But Sao Tome and Principe, which did not send a delegate to Paris in April, has now sent representation.

France, as the host country, feels some embarrassment about the Liberian military regime, but Paris is taking refuge behind the fact that at the recent extraordinary conference of the OAU, held in Lagos, the Liberians were not seated.

An even thornier case is that of Chad. If one refers solely to the purely legal aspects of the problem, the Chadian representation in Nice raises no difficulty. Furthermore, Mr Goukouni, chief of state and president of the transitional government of national union, the only representative of legality in N'Djamena, has designated vice president Kamargue to represent it.

But Hissein Habre, even though he has been removed from his post within the Chadian government, does indeed intend, for his part, to be present at the Franco-African conference in one way or another. It is Mahamad Saleh Ahmad, his principal collaborator and usual spokesman, who is supposed to lead the delegation of the Armed Forces of the North (FAN). On the other hand, nothing rules out the possibility of a visit to Nice by representatives of one or another of the nine other Chadian political groups that make up the GUNT (Transitional Government of National Union).

In French official circles, there is already response in advance to any eventual objections and criticisms by means of the notion that "access to French territory is not, in principle, prohibited to anyone."

North-South Dialog and "Trilogue"

In conformity with the conclusions of the meetings of the foreign-affairs ministers, the agenda proposed to the chiefs of state, who are holding their first working session on Friday morning, involves only economic questions. After examination of the world economic situation and its incidence on Africa, there will be discussion of the oil shock, inflation and its consequences, threats of recession and disorganization, the international monetary system, fluctuations in the prices of raw materials and the negotiations in progress to achieve stabilization of them, especially as regards rubber and cacao, and finally, the imbalance of most of the African states' balances of payment.

There will be an exchange of information about the state of progress of the North-South dialog, to which the French and the Africans declare themselves officially to be devoted. There will be broad discussion of Franco-African cooperation as a whole, as regards both the means available to the Ministry of Cooperation for the current year and its policy in the matter of information and education--for example, the food policy aimed at enabling the African states to achieve a form of self-sufficiency. The research on new energy sources (wind, sun, biomass) will also be examined. Likewise, there will be discussion of the African Solidarity Fund, created in December 1976, more than 80 percent of whose capital of 5 billion CFA francs has been underwritten, whose headquarters has been installed in Niamey, and which should go into operation soon.

Furthermore, a team under the responsibility of Mr Jean Baptiste, technical advisor to the presidency of the republic, has been working for several months at drawing up a solidarity charter designed to give concrete form to the "trilogue." A draft has been prepared and is to be submitted to a conference of the 80 chiefs of state of Europe, the Near East and Africa that is planned in principle for 1981. It is a complex document, since the trilog involves both economic and financial, political, and specifically cultural aspects.

As regards this last point, the idea of a colloquium that could meet under the aegis of UNESCO is making good progress. But in this regard, the ques-

tion of reorganization of the structures of the Francophone movement arises, at least incidentally. Whereas Mr Senghor remains very attached to the creation of a true "French type of Commonwealth" that would enable all of the world's French-speaking leaders to take counsel regularly, many of his colleagues would only like, for their part, to reorganize the Agency for Cultural and Technical Cooperation, which already has a membership of 34 states. This latter approach, though not the only valid one, would have the advantage, among others, of not impeding extension of the "trilogue" to cultural policy.

Twenty-Six Countries Represented

Fifteen chiefs of state or heads of government are supposed to join with Giscard d'Estaing in Nice: Col Jean-Baptiste Bagaza (Burundi), Presidents David Dacko (Central African Republic), Ahmed Abdallah (Comoros), Gouled Aptidon Hassan (Djibouti), Bongo (Gabon), and Obiang Nguema Mbasogo (Equatorial Guinea), Gen Moussa Traore (Mali), Seewoosagur Ramgoolam (Mauritius), Col Seyni Kountche (Niger), Maj Gen Juvenal Habyarimana (Rwanda), Presidents Senghor (Senegal) and Siaka Stevens (Sierra Leone), and Generals Siad Barre Mohamed (Somalia), Gnassingde Eyadema (Chad), and Mobutu (Zaire).

Nine countries are represented by a minister: Ivory Coast, Upper Volta, Chad, Guniea-Bissau, Morocco, Cape Verde, Benin, the People's Republic of the Congo, and Sao Tome and Principe.

Mauritania is represented by its ambassador in France

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MONACO CONFERENCE STRESSES ARAB, AFRICAN, EUROPEAN 'TRIALOGUE'

Paris LE MONDE in French 9 May 80 p 5

[Article by Gerard Viratelle: "A Meeting in Monaco on the European-Arab-African 'Trialogue'--A Neologism That Stirs Up Quite a Few Problems and a Courteous or Distant Curiosity"]

[Text] "Trialogue"! President Giscard d'Estaing's neologism, barely launched, was disputed. Perhaps it would be preferable to speak of "Europe-Africa-Arab countries triangular relations," as many personalities did on the occasion of a colloquium organized by the World Academy of Peace[1] in Monaco from 24 to 26 April.

Was it necessary, in any case, to seek this new instrument while Lome II is consolidating and improving the relations between the Nine and their associates in Africa, the Caribbean and the Pacific (ACP), and while the European-Arab dialog has been working itself out since 1973?

Monaco--The Lome conventions between the EEC and the 59 ACP states--the most accomplished enterprise in international cooperation--have succeeded in forging a "policy for the future...which does not keep one from questioning the regionalist approach that has prevailed," assures Daniel Vincent, division chief in the general department of development of the Commission of the European Communities. In the view of Senator Giovanni Bersani, vice chairman of the development and cooperation committee of the European Parliament, European-African relations are a "veritable model," containing a "doctrine of international cooperation to which the new agreements add social and cultural dimensions." But Jacques Bourrinet, the director of the Center for International and Community Studies and Research of the University of Aix-Marseilles, questions the capacity of the agreements to create, in a quarter of a century, real development in the ACP countries and real solidarity among partners.

Many factors, he adds, militate in favor oa a European-Arab-African "dialog." The Arab group is the EEC's leading partner: 24 percent of the EEC's imports come from the countries of the Arab League, which take 15 percent of

European exports. But Europe's dependence on "Arab oil" will remain high until the end of the century, whereas the absorption capacities of the Arab countries are very "elastic." "The chances for autonomous development of the Arab world are weak--whence the interest of seeking new solidarities," concludes Mr Bourrinet.

Giscard d'Estaing's Objectives

In Paris, a study group is working out all the aspects of the "trialogue." Its chairman, Henry Jean-Baptiste, has already presented an outline of it to several potential partner countries, Algeria in particular. The "trialogue" will not be substituted for the existing forms of cooperation, but proposes to help prepare the ground for them, Michel Suchod, member of the Analysis and Forecasting Center of the Ministry of Foreign Affairs, stated in Monaco.

What are Giscard d'Estaing's objectives? Promoting ideas dear to him, especially in the matter of reform of the monetary system? Getting Arab financial power to participate more widely in investments in Africa, notably in the mining field, in which the multinationals are shying away from the risks? Decreasing the Europeans' assistance load?

Underneath the "fine sentiments, the unavowable interests are barely concealed," writes the FLN [National Liberation Front] weekly, REVOLUTION AFRICAINE, for its part. According to Georges Abi-Saab, professor in the University Institute of Higher International Studies of Geneva, "the trialogue is an essentially political phenomenon with economic stakes: it is an alternative strategy to the Trilateral Commission" (a club of high-level American, European and Japanese officials created after the skyrocketing of oil prices in 1973). The former minister of foreign affairs, Mr Jobert, recalled that in that post, he had already spoken of trilateral relations among France, the Arab world and Africa. He said to us: "In order to succeed, the project assumes several prior conditions, intellectual and moral: that the ideologies and the religions, the modern colonial pacts, be challenged; that no one be asked to lose his identity, and that it be acknowledged that there was Baudouin" [as published] (the Afro-Asian conference which, 25 years ago, marked the awakening of the colonized people).

How is such a vast rallying to be achieved when Europe has so much trouble harmonizing its positions? Nevertheless, the European countries have given France a mandate to pursue the contacts. The Italians and West Germans are favorable to the enterprise--the former for political reasons, the latter for more commercial motives. And then there are the British! And won't the credibility of the "trialogue" depend on its promoters' degree of independence from the United States, as Mr Bennouna, professor on the faculty of legal, economic and social sciences of the University of Rabat, declared?

A Paternalistic Connotation

The fact remains that any initiative of this kind has a paternalistic connotation, even an imperialistic one, simply because it is of European inspira-

tion, especially in the view of the African countries with socialist regimes. Attempting to draw up a balance sheet of the advantages and disadvantages, Olivier Deleau, former ambassador to Kenya, asks whether the search for African identity is not more important than a search for convergences with the Arabs, whether the "trialogue" is desired by all the Africans, and whether strangers to the continent could make a contribution to solution of conflicts which the OAU has not been able to resolve.

On the other hand, may one not ask whether the simple fact of Egypt's participation, even just as a member of the OAU, would result, ipso facto, in the abstention of the other Arab countries, at least so long as the Europeans have not given the support to the Palestinians that they are looking for? If the Africans support them, it is because they want the benefit of financial aid for their development. But they are not hiding their disappointment in this regard, and because of the fact that they have been able to obtain preferential oil prices, "the European-Arab dialog was left emptied of its substance," Bourrinet, author of a book on the question,[2] stated further, "when two subjects were excluded from it: the Arabs wanted a stand to be taken on Palestine; Europe has dodged all the political problems. For Europe, the problem of security of oil supplies was dominant, but energy was put off to the North-South negotiations."

Unused Arab Credits

But isn't everyone knowingly involved in "trialogue"? Thus it is with the European-Arab joint financing in Africa, in which the Arab participation--about 20 percent--is to increase. The EEC, Mr Vincent stressed, is often asked to carry out feasibility studies and financing of projects.

But how is one to loan, he says, to African countries that are in sad financial situations and would not want to place themselves under the oversight of the IMF? Won't it be necessary to modify the aid "approach"? In Sudan, P.-M. Henry--president of the International Development Research Center--pointed out, the "recycling" of petrodollars has been a "complete failure." "Are the Arabs to be considered only as oil magnates? If an in-depth dialog had been conducted with them for a long time, they would doubtlessly be regarded differently. It is necessary to prepare the post-oil strategy."

The point of view that black gold is a limited nonrenewable resource is also brought out by a specialist, Mr Akhras, president of the Saudi Arab Finance Broup: "If the Arabs' funds are deposited essentially in the North American and European banks," he adds, "it is to some extent because of the force of events, and it is not easy for them to withdraw them."

In summary, the stimulating idea of "trialogue" raises quite a few problems --and the courteous, or distant, curiosity of the parties involved. But generally speaking, the participants in the Monaco colloquium have agreed that it deserves to be "gone into." It is better to improve what exists than to pay for the luxury of a new failure, or, as Jean Rey, minister of state and vice chairman of the Political Committee of the European Parlia-

ment, declared: "It is necessary to show that what can be done among three is better than what can be done between two, and something that works, and progresses continually."

FOOTNOTES

1. Palais de Marbre, 9, Avenue de Fabron, 06200 Nice.

2. "Le Dialogue Euro-Arabe" [The European-Arab Dialog], publ. Economica.

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JOINT FRANCO-GERMAN AIRCRAFT CONSTRUCTION DISCUSSED

Bonn WEHRTECHNIK in German May 80 pp 49-55

[Interview with Bruno Vallieres, general director of Dassault: "The Next Aircraft Must Be Jointly Developed"]

[Text] The French aircraft company Avions Marcel Dassault--Breguet Aviation is Europe's largest developer and user of combat aircraft--the worldwide success of the MIRAGE aircraft is testimony to this. Among the development and production programs we also find successful civilian aircraft of the MYSTERE/FALCN family, of which one model has been sold amid extremely difficult competition to the American Coast Guard. Under the leadership of Dassault, cooperative development of aircraft has taken place and with regard to the DKF90 an entirely European venture including Dassault is in the offing. In a WEHRTECHNIK (WT) interview the general director of Dassault, M Bruno Vallieres, talks about company philosophy, particularly with respect to a future, European cooperation. This is seen primarily under the viewpoint of competition with American air and space industry and the equality of technology, especialy in the area of avoionics.

WT: Dassault has achieved its worldwide reputation largely on the basis of the MIRAGE combat aircraft, and in addition your company has also participated in international projects like Atlantic, Jaguar or Alpha Jet. Were you satisified with these aircraft and the cooperation?

Vallieres: I believe that the Atlantic was a technical success in every respect--we had no problem with the aircraft. Cooperation with Germany, the Netherlands, Italy and Belgium was good. The British delivered the Tyne engine. At that time, so they told us, they had no need for such an aircraft--a few years later, however, they were producing the Nimrod. After this project, the idea of "Europe" no longer seemed to exist because the Netherlands did not replace their Neptune with the Atlantic, but rather with the Orion.

With respect to the Jaguar, we had no problems. There was good cooperation with BAC; that involving the Atlantic was better and less expensive since the aircraft was simpler.

Probably the best cooperation was achieved with the Alpha Jet. We have very good relations with Dornier. As a demonstration of this, I should point out that the prototype was prepared in advance of schedule. Flight testing, for which we had a mixed team--as for the construction--was excellent and we were able to stay within the cost framework set for the original configuration. Even though France made a few changes and Germany many changes to the aircraft, the basic cost for the airframe of the prototype and also for the mass produced aircraft are less than planned.

WT: You are presently developing a new Atlantic, for the French Navy, the so-called new generation Atlantic. Could this project become an international program?

Vallieres: It is an international project to the extent that the parts delivered by our partners for the original Atlantic project will also deliver those for the new generation Atlantic (ANG). Division of labor for the 42 aircraft of the French Navy will therefore remain the same, with the exception after their order of the Orion. The only thing we wish, naturally, is that the governments of our partners purchase a few of the new Atlantics. We hope that Italy and perhaps even Germany will introduce the ANG. The first aircraft should be delivered to the French Navy in 1985.

WT: In contrast to other European aircraft companies, your company has concentrated entirely on the development and manufacture of aircraft. Why have you not also participated in other areas?

Va'lieres: We see an advantage for us in concentrating simply on the aircraft itself. By the way, we have a plant for components producing all control elements for our aircraft and even for the Transall. And I should also mention the Electronique Marcel Dassault Company with its radar, radio and electronic equipment. I should also point out that we only select equipment by Electronique Marcel Dassault for our aircraft if they are the best on the market.

WT: So you're concentrating entirely on the aircraft. Do you view this as a strength in comparison to other European companies?

Vallieres: Our strengths and success are based on several factors. The first is that Dassault has 15 permanent locations throughout France with the emphasis in Paris and in the Southwest and that each plant is highly specialized, whether it be a manufacturing plant, development or design center. For example, Saint-Cloud is our prototype plant which also has an authorized development agency for military aircraft. Development of business aircraft is performed in Merignac. Final assembly lines are found in Merignac, Colomiers and Istres, and our production management, located here in Vaucresson, makes sure that each factory is highly specialized.

With a few exceptions all military aircraft come from Merignac. Components and primary assemblies are in turn manufactured at other plants.

WT: May I interrupt here: Was specialization the only reason that you have so many separate plants?

Vallieres: Personally, I would like to say that I do not particularly like excessively large plants. From a management standpoint they are difficult to oversee. I would prefer that no plant have more then 1,000 employees. This is one reason. Another reason is the not very high mobility of the French worker, so that we have to build factories where a sufficient labor force is available.

WT: Let's return to the strengths of your company. One reason is specialization, other reasons are?

Vallieres: Naturally I should mention the large area of technologies mastered by us. We have made great progress in the area of aerodynamics and methods for its calculation. Although formerly, each new wing design had to be tested separately, today we can calculate entire aircraft on the computer. As you may know, the Falcon 50 is the first civilian aircraft having a supercritical wing. By means of the method of computer projection we were also able to change the rear of the fuselage. Overall, I would like to say that we have made considerable progress in this area. We developed a DRAPO (Definition et Realisation d'Avions par Ordinateur) system for this to reduce the time needed for development and manufacture of prototypes as well as mass produced aircraft, particularly with respect to the constantly increasing use of numerically controlled machines and to improve the quality of the manufacturing process. The engineer designs a component on the screen which is connected to a computer so that this information can also be used to prepare automatic drawings or to control numerically governed machines.

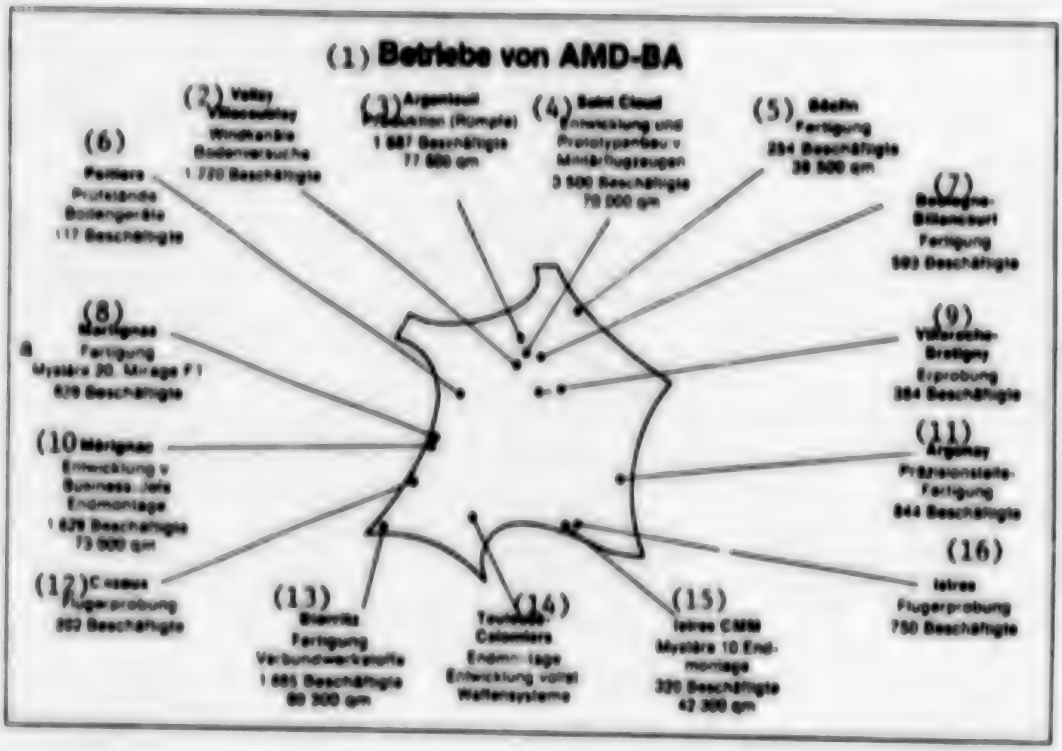
In order to illustrate the significance of this method, we would like to point out that the manufacturing time for the Mirage 2000 was reduced to about 2 months--a surprisingly short time. Three manufacturing centers, those in Argenteuil, Biarritz and Seclin, are using this DRAPO system while working on the Alpha Jet, the Mirage 2000 and the Falcon 50.

I should like to point out another important area: By user studies which were applied for the first time in the projections for the Mirage 2000, we were able to make highly realistic combat simulations by using a large number of parameters, like pilot, aircraft, flight characteristics, missiles, ground and on-board radar, radar surveillance etc. The operational environment for the aircraft and its equipment were accurately defined and modifications evaluated by this method; this led to an improvement in performance.

WT: Let us stay with technological advancement: To what extent are you using today nonmetallic or composite materials in aircraft design?

Vallieres: After we mastered titanium metallurgy, we directed our entire attention to fiber reinforced plastics, whether it be in combination with standard materials, in normal or web constructions. Many test components were manufactured, for example a tail plane for the F1 of this type has already completed more than 1,000 flights. For the Mirage 2000, many parts are made of carbon fiber reinforced plastic, for the Mirage F1 and the Falcon 50, the aileron is made of this material, likewise the air brakes of the Alpha Jet. The weight savings achieved by these new components lies on the order of 20 percent. I wo ld also like to mention that the rudder of the Mirage 4000, which is about the same size as a wing of the Mirage 3, is made entirely of composite material.

We have also made progress in the area of electric flight control systems--as you know, the Mirage 2000 and 4000 have this system. We are also working on optical glass fiber systems. By means of these systems it is possible to give a Falcon 20 the same flight behavior as an Airbus, together with an automatic flight control system.



Key:

1. Facilities of AMD-BA
2. Velizy Villacoublay, wind tunnels, ground tests, 1,220 employees
3. Argenteuil, production (fuselage), 1,687 employees, 77,600 square meters plant space
4. Saint-Cloud, development and prototype construction of military aircraft, 3,500 employees, 70,000 square meters floor space
5. Seclin Perigung, manufacturing, 254 employees, 39,500 square meters floor space
6. Poitiers, test stand, ground equipment, 117 employees
7. Boulogne Billancourt, manufacture, 593 employees
8. Martignas, manufacture of the Mystere 20, Mirage F1, 639 employees
9. Villaroche Bretigny, testing, 364 employees
10. Merignac, development of business jets, final assembly, 1,629 employees, 72,000 meters floor space
11. Argonay, precision component manufacture, 844 employees
12. Cazaux, flight testing, 202 employees
13. Biarritz, manufacture, composite material, 1,885 employees, 60,300 square meters floor space
14. Toulouse Colomiers, final assembly, complete development of weapon systems
15. Istres CMN, Mystere 10 final assembly, 320 employees, 4[illegible] square meters floor space
16. Istres, flight testing, 750 employees

WT: You already mentioned a few aircraft currently under development. How many and which aircraft projects do you have currently under development?

Vallieres: At present we have nine aircraft types under development--I believe there is no other company in the world presently having so many different types under development. First, let us discuss the Mirage III. Because of the new engine, it still needs some development work. Development within the Alpha Jet project is not yet included, for example we are still investigating, jointly with Dornier, the VTX project for the U.S. Navy. For the Mirage F1 we are still developing models for the specific needs of the different air forces. The Mirage 2000 and Mirage 4000 are under full development and four single-seat prototypes are already in flight testing. A two-seat model for possible use as a nuclear weapons carrier is planned. With the three first prototypes of the Mirage 2000 we are ahead of the time plan The Super Etendard is presently being delivered to the French Navy, but we are still performing development work here, for example on the basis of a new order from a foreign customer. The Atlantic Ang, the Falcon 20 and the Falcon 50 are still under development. We are working on two different ocean-monitoring configurations of the Falcon 20 since the model selected by the U.S. Coast Guard is not the same one suggested for the French Navy.

WT: Let us turn now to manufacture: What is the level of work on designed by you?

Vallieres: With regard to manufacture--by the way we have nine models in production--there is a rule that the largest part of airframe manufacture is assigned to subcontractors--overall control of all projects, responsibility for procurement and final assembly as well as flight testing are always reserved for us. If we view the aircraft as a complete system, then for example the manufacture of 50 Mirage F1's will require 40,000 workers for 1 year. If you add the costs for the service life of 20 years, that is, maintenance, spare parts and ammunition, then for our company there remains only 8 percent, 2.5 percent goes to raw material suppliers, 7 percent to airframe subcontractors, 13 percent to armament companies, 7 percent to radar and radio equipment companies, 9 percent to engine manufacturers, 6.5 percent to weapons and ammunition manufacturers--the remaining 47 percent then falls to maintenance, spare parts and ammunition.

WT: With a few exceptions the combat aircraft of your company have Delta wings. In your view what is the advantage of this wing shape?

Vallieres: We are not exclusively devoted to the Delta wing--if you look at the Super Etendard, the Mirage F1 and the Alpha jet which have swept-back wings. We use the Delta wing because it was the only possibility at that time for achieving Mach 2 speeds with the available engine; the resistance of the Delta wing is less than a swept-back wing. In addition, the sufficient thickness of a Delta wing is another factor, because at that time we have no available material to construct a necessarily thinner, swept-back wing. Once this material became available, we were also able to design a swept, thin wing which we than used in the Mirage F1.

For the Mirage 2000 we returned again to the Delta wing. Why? The only disadvantage of the Delta wing was the high landing speed. With the wing leading edge flap on the Delta wing as we have outlined it today, we can compensate for this disadvantage. The second reason is that the fly wire system permits flying of an unstable aircraft. If this system is used in a Delta wing, then we obtain better performance than for a swept wing. Thus, the Mirage 4000 has a small duck wing--for the Mirage 2000 this is only a small surface at the air inlet which also helped during maneuvers, but cannot be called a genuine duck wing.

WT: We have heard quite a bit about new aircraft technology--where do you see the basic technological differences between a future combat aircraft and the Mirage 2000 or Tornado?

Vallieres: With regard to new designs we are progressing in small steps. In order to answer your question we will certainly make use of the Delta-Canard technologies studied for the Mirage 2000, particularly in the area of composite materials. It is our opinion that the air intake and air path in the Mirage are the best possible, and it may look this way in future combat aircraft, naturally with a few differences. And I am quite certain that the wing will consist entirely of carbon fiber reinforced plastic and we will be able to profit from experiences with the Falcon 10 and Mirage. But since engines will become smaller in the future, the aircraft can be smaller. The requirements of maneuverability and thus the G-stresses will be higher so that several changes in the wing will be necessary.

If we have to estimate the weight of an aircraft, then we can build on the experiences with the weight of the Mirage 2000 and 4000. The change resulting from increased utilization of composite materials must be calculated so that errors are very small, since weight savings will only be achieved in this manner. In order to illustrate this: if we had a weight of 1,000 kg for the Mirage 4000, then with new material we could reduce this to 850 kg--so the error potential relates only to the difference of 150 kg. In general, our predications are always very close because we cannot afford to make errors or to lie. It would damage our profession and I can assure you: if we cite figures for a future aircraft, then the figures are correct. We must remain credible.

WT: With regard to a future tactical combat aircraft it looks as though a new cooperation could be achieved. Would you prefer a bilateral or multilateral cooperation?

Vallieres: Naturally a bilateral cooperation is easier than multilateral cooperation. In any case we do not want any large, ponderous organization. One should be the leader. Experiences with the Jaguar and Atlantic programs proved that bilateral cooperation is naturally simpler than multilateral and that a monolateral is even simpler than bilateral. As I said, we need a good organization.

I believe for example, that the Torando organization is ponderous--co-operation with Dornier however, was quite good. We were responsible for the aircraft and had excellent communications, with joint design offices, joint flight testing crews--it was a simple and flexible system with the potential for coming to quick decisions. We are not interested in working with committees, subcommittees, commissions and subcommissions because then no one is responsible for anything. But our methods should not mean that the managing partner should force his decisions. In coope"ation with Dornier we never compelled anything; if we were of the opinion that a matter should be solved in a certain way, then we tried to convince Dornier. But if Dornier had a better solution, then we adopted it. In the Alpha Jet design office work between German and French personnel was separated without anyone knowing who was German and who was French.

At the start of a new project one should have a uniform conception of the objective. A primary office should be responsible for the outline of the aircraft and its systems. Then, each partner could completely design his section, construct the parts for the prototype and take them into production after testing. I do not see the needf for the additional, larger company within this system since in any cas the design and cost defin tion is performed by the manufacturer--a second company would only duplicate the same work.

WT: There are still different requirements on the part of the French, British and German Air Forces for a future tactical combat aircraft. Do you see the possibility that only one aircraft model can meet these requirements?

Vallieres: I don't know, we're still hearing about different engines and missions. If cooperation is to be fruitful, we have to have the same aircraft for everyone. But I have the feeling that this is not the case, because Germany and Great Britain want the RB199, but France would prefer the SNECMA, which is more advanced. In addition, this engine would have greater power than the present RB199. Furthermore, I even heard that the German Air Force is considering a purchase of several aircraft in the United States or a joint development program with them. We have another problem here: if you develop such an aircraft with the Americans, then you could not openly export it. In many areas, especially in aerodynamics and airframes, we are not behind the United States--sometimes we are even a nose ahead. If we are behind in Euorpe on a few sectors, now is the best opportunity to take over the lead. Europe must now decide whether we will jointly develop the aircraft. Progress is needed particularly in avionic components so that we should use joint financial means for research and development here.

WT: How do you view the changes for export of the Mirage 2000? Could it be affected by a jointly developed combat aircraft for t'e 1990s?

Vallieres: We are building over 400 Mirage III for France--we sold 1,000 of these aircraft to export customers and these are still being delivered.

Of the Mirage F1, France ordered 225 models--total orders are now at 600. I believe that high hopes are justified with regard to the Mirage 2000. You must not forget that in its time, no orders were available for the Mirage III while 1,000 of the Starfighter had already been sold. The market will be easier to define once the first 2,000 have been delivered. The manufacture of the F-104 was terminated 8 years ago, but we are still receiving orders for the Mirage III.

I do not see any restrictions due to the jointly developed combat aircraft. I do not believe that it will be the same type of aircraft and furthermore, it will probably not be available for export before 1993.

WT: How do you view the future for your company--particularly with regard to sales?

Vallieres: Sales will certainly increase in the future, firstly to the French market, but I also hope to the export market. For the short-term the Mirage F1 and Alpha Jet will make the primary contributions, for the long-term the Mirage 2000. Our sales permit us to finance about 50 percent of our own research and development work. In 1976 we had income of about F7.2 billion, of this 4.6 billion from the export market; last year these figures were F13.7 and 10.85 billion francs.

WT: A few years ago the French Government became a stockholder in your company. What were the reasons for this state participation?

Vallieres: The French state purchased about 20 percent of our stock, therefore it does not have a majority in business management or the advisory council. The primary reason was perhaps of a political nature, the government wanted to show that it had no intention of nationalizing this company--this would have been a loss for France--they merely wanted to show that they had an influence on it. The state appoints 4 of 12 council members, they help us in many problems and we have an excellent cooperation with the government.

9280
CSO: 3103

BRUSSELS PS AGREES TO PARTICIPATE IN GOVERNMENT

Brussels LE SOIR in French 21 May 80 p 2

[Article: "Why the Brussels Socialists Have Agreed to Participate in the Government"]

[Text] In a communique, the Brussels federation of the Socialist Party (PS) defines the conditions under which it has declared in favor of participation in the government:

"The positive vote cast by the Brussels federation of the PS is first of all a manifestation of solidarity with the Walloon Socialists. In effect, the Brussels Socialists did not want to constitute an obstacle to the implementing of Walloon regionalization. Reciprocally, the Walloon Socialists have committed themselves to support the Bruxellois in the future negotiations on the status of Brussels.... The Brussels Socialists have also wanted to go as far as possible toward creating conditions making it possible to solve the problem of definitive regionalization: definitive and immediate for Wallonia and Flanders, and definitive and deferred for Brussels, but with provisional maintenance of the transitional regime set up with the support of the FDF [Democratic Front of Brussels French Speakers]."

In this context, the Brussels Socialists are keeping these things in mind:

1. While waiting to receive its definitive status, the Brussels region will keep everything that presently belongs to it and that was given it with the support and participation of the FDF.

2. As was the case yesterday, the government will have within it a Brussels executive which, on the same basis as the Walloon executive and the Flemish executive, will have the function of exercising the competencies that have devolved to the regions.

3. As regards community matters, the Brussels deputies will continue to be full-fledged members of the Cultural Council of the French-language community or of the Dutch-language community, according to the linguistic community to which they belong.

4. Nothing has changed as regards the boundaries of the Brussels-Hal-Vilvorde arrondissement or the status of the facilities communes as approved by the FDF in the first transitional phase of regionalization."

The Brussels federation points out two elements that are new and positive for Brussels:

1. the setting-up of the semipublic institutions indispensable for effective exercise of the regional prerogatives. This setting-up will be done according to the principle of 2/3-1/3 in favor of the French-speakers and the principle of bilingualism of the services, with single-language agents;

2. allocation of a supplementary credit that will compensate for the insufficiency of the resources made available to the Brussels region by application of the formulas previously approved, by the FDF among the others. This supplementary credit can be used by the Brussels executive to help the communes in difficulty."

Finally, the Brussels Socialists announce that they will quit the government --in which they are represented by Messrs Moureaux and Cudell--if the proposed law settling the problems of the central region of the country is not submitted to Parliament before 30 June 1981 or if that same bill is not passed by both Chambers before 31 December 1981.

11267
CSO: 3100

NEW GOVERNMENT SET UP ON NATIONAL, REGIONAL BASIS

Brussels LE SOIR in French 21 May 80 p 2

[Article by P.L.: "A Government Comprising a Hard Core and Four Executives That Are Candidates for Autonomy"]

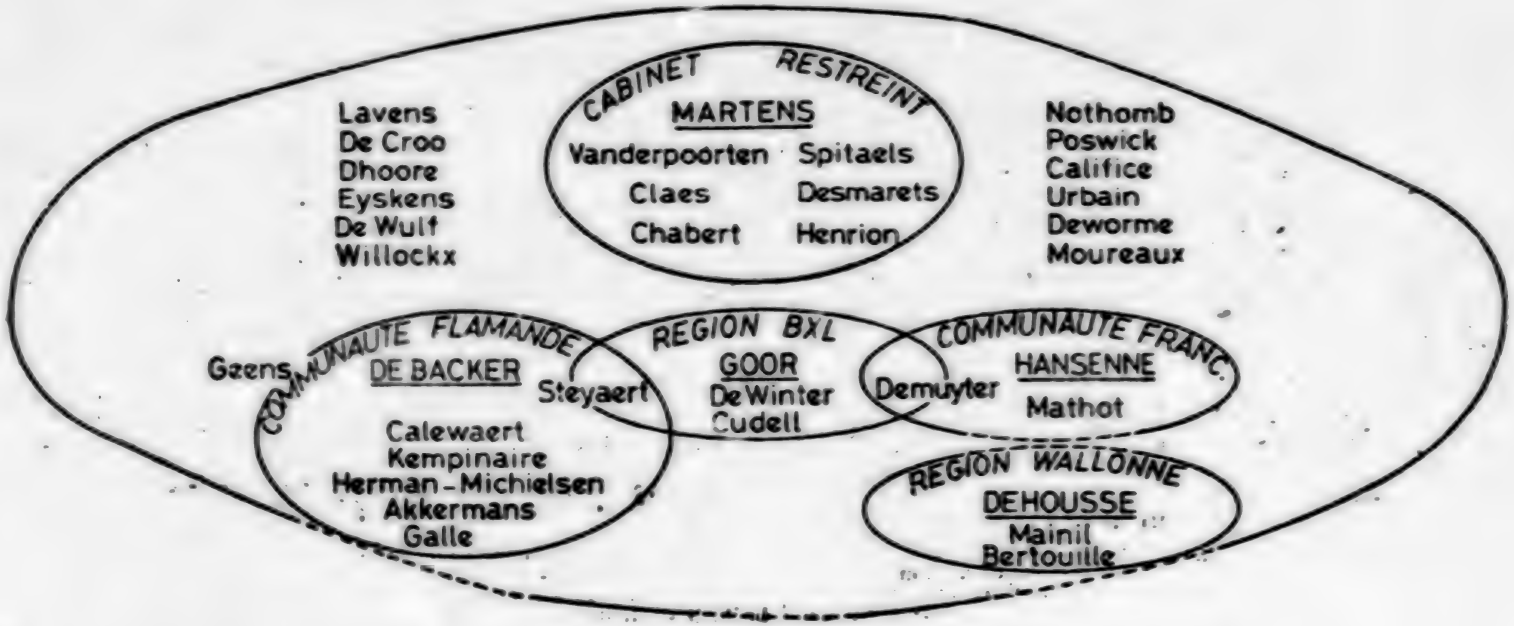
[Text] At the top of this scaffolded structure that is the new government is a command post, the "hard core," to use Mr Martens' expression. Alongside the prime minister--considered to be the political arbiter and linguistically neuter--it comprises a minister from each of the six parties forming the coalition, including, of course, the two vice prime ministers, Spitaels and Vanderpoorten.

It is this team, the inner cabinet, that is to define the "general policy" of the government. In particular, it is to prepare all the important and difficult decisions. It also arbitrates the government's internal conflicts. Martens has declared himself personally satisfied with its composition.

Next comes a group of 13 excellencies--12 ministers and 1 secretary of state, 7 Flemings and 6 Francophones--that can be defined negatively. They belong neither to a hard core nor to decentralized executives. They constitute, in a way, the body of the cabinet for all the decisions of a national character. Their principal role will consist in managing their respective departments and defending their policies before the cabinet.

It should be noted that the two ministers of national education--Mr Calewaert on the Dutch-speaking side and Mr Mathot on the French-speaking side--are no longer classified as being in the central government but rather as in the executives of their respective communities. In the preceding government, they had been placed halfway between the two. Thus they seem to tend more and more toward a certain autonomy.

Another observation: as in the preceding government, no one is assigned both national competencies and community or regional competencies, with one exception: Mr Geens, "national" minister of the budget, is also a member of the Flemish executive, as assistant for national education.



Key:
1. Inner cabinet 2. Flemish Community 3. Brussels Region 4. French Community
5. Walloon Region

A Flemish Government...

The scaffolding loses a little of its logic when one comes to the level of the "autonomous" powers. Here we see established an asymmetry between a single Flemish structure, on the one hand, and on the other, a satellized structure.

On the one side is a single Flemish structure, complete, comprising seven members, and with the task of managing, like a real government, all autonomous matters.

On the one hand, regionalized matters are involved--that is, essentially, regional economic policy, territorial development, environment, water policy, and oversight of the communes. Its competency

extends, in this regard, to the entire Flemish region and therefore also, with the exception of oversight of the communes, to the Brussels outskirts and to Fouron.

This executive's second broad domain of competency is the community matters --that is, cultural policy, educational policy, and so-called "personalizable" policy (mainly, everything that is social, medical, or family-related). In this regard, the competency of the executive extends to the entire Flemish community, including Brussels. Thus it is that one of the members of this executive, Mme Steyart, is also a member of the Brussels executive.

...and Three Other Executives

This homogeneity is not found on the Francophone and Walloon side. Here, three executives share autonomous policy. First of all, there is the executive of the French community. It comprises only three persons--the minister of the Community, the minister of national education (who does not have an assistant on the Francophone side), and a Brussels secretary of state, Mr Demuyter, reponsible more particularly for the Francophone community of Brussels. The competency of this executive is in cultural, educational and personalizable matters.

There are also three persons in the second executive, that of the Walloon region: one minister and two secretaries of state. As one might guess, this executive manages the regionalized matters for Wallonia.

The Brussels executive has five persons--three French-speakers and two Flemings. Two of these members, though, are hardly anything more than the Brussels extension of the two community governments. Here too, we have three persons--one minister and two secretaries of state, one Flemish and the other Francophone--who are in charge of regional policy in Brussels.

An Evolution

A final remark: this structure is, in principle, intended to evolve. The governmental agreement provides, in effect, that the executive of the French community and the executive of the Walloon region may decide, by majority vote, to merge. This could eventually enable them to set up a single entity equivalent to what has been created directly on the Flemish side.

Finally, the various autonomous executives are expected to quit the central government, at a time that is still very uncertain. Moreover, this is logical (whence the broken lines in our diagram), at least for the executives of the Flemish community, the French community and the Walloon region, insofar as the governmental agreement provides for creating councils corresponding to these executives and intended to control its policy. In contrast, such a council is not yet foreseen for the Brussels region (the problem has been put on ice). This presents the serious risk of condemning the Brussels executive to remain the prisoner of the national government for a long time.

11267
CSO: 3100

EXPANSION OF TRADE WITH USSR REPORTED

Nicosia CYPRUS MAIL in English 10 Jun 80 p 4

[Text] The participation of Soviet export trade organisations at the Cyprus International Fair has been another major contribution to the furtherance of trade relations between Cyprus and the Soviet Union, said the Director of the Soviet Pavilion at the Fair Mr Kononov.

The representatives of Soviet export trade organisations have been quite happy with the contracts they have had with business visitors at the Pavilion. The visitors sought and obtained information about a number of Soviet items including items which will be available during the next year.

The visitors were impressed both by the reliability and the quality of the Soviet products, he said.

Among others, there have been enquiries for building material like vibreglass, glass sheets and special paper for the manufacture of carton boxes, machine tools and other mechanical equipment.

Mr. Kononov underlined that trade relations with the Soviet Union are of particular importance for Cyprus economy because the Soviet Union is a bulk buyer of Cyprus wines, kommandaria, raising and generally of Cyprus farming and other products.

It is noted that as a result of the talks which representatives of the Soviet STANKOIMPORT Organisation had, the largest part of STANKOTMPORT exhibits at the Pavilion, mostly machinery, has been disposed of and there have been talks about the despatch to Cyprus of a large amount of machinery during the coming year 1981.

Such Soviet exports for the coming year include met cutting machines, presses, machine tools and other technological equipment.

Mr. Kononov mentioned that three LADA cars exhibited by the AVTOEXPORT organisation have already been disposed of. One of them is the NIVA LADA 2121 which is imported for the first time in Cyprus.

The same organisation has sold a large number of Soviet bicycles which have proved popular in Cyprus. According to Mr. Kononov, the talks with the AVTOEXPORT representatives had secured orders ofr a large number of Soviet bicycles exports to Cyprus during 1981.

One thousand tons of kraft line paper for the manufacture of carton boxes will be exported to Cyprus for the first time, Mr. Kononov stated.

CSO: 4920

SWEDISH TOURS RESUME OPERATIONS

Nicosia CYPRUS MAIL in English 6 Jun 80 p 2

[Text] Vingresor, the Swedish international tour operations are back in Cyprus after an absence of five years following the events of 1974.

"We intend to operate all the year round", says Mr Mikael Siberzeff, the Head Representative of Vingresor in Cyprus, an ardent friend of the island.

And to prove his love for Cyprus built his "Farmhouse" at Mazotos village, on the seaside only few miles away from Larnaca Airport.

This week, Mr Siberzeff hosted several guests of the travel, hotel and affiliated trades as well as officials of departments concerned with tourism, on the occasion of announcing Vingresor short and long term plans.

Vingresor, represented in Cyprus by the Aeolos Cyprus Travel Bureau, were the first major tour operators to use Cyprus as a destination after the island attained independence in 1960 and, but for the interruption during the hot years of communal conflict, they have been continuously on the island ever since.

Two Flights

Sweden has a long tradition of friendship with Cyprus, Swedish royalty has paid frequent visits and a Swedish contingent is serving with the UN Peace Force in the island.

Vingresor's present President and Managing Director Mr Christer Magnusson, used to be in charge of operations in Cyprus in the earlier years and it was planned that he would be present at the gathering but owning to unexpected impediments he was not able to attend and he sent instead a message to the gathering, read for him by Mr Siberzeff.

At present Vingresor fly two chartered flights a week, one from Stockholm and one from Malmo which means that they land in Cyprus about 300 visitors a week.

According to Mr Siberzeff the plan for next year is to double the figure, to accommodate 650 people.

Taking account that these people spend an average of two weeks each it may be estimated that Cyprus earns quite a substantial amount of foreign exchange, of around £100,000 a month, not to speak of direct spending for sourvenirs, sightseeing, in bars etc.

Most frequented places by the Swedes at present are Ayia Napa, Laraca and Limassol.

Mr Siberzeff is enthusiastic about the island's climate and hospitality and almost complete absence of crime.

But he had a warning about the danger of spoiling the present environmental image by too quick and unplanned expansion. "You should not imitate the example of Spain's Torremolinos to which the foreigners are turning their backs just because of the crowded building", he says.

He considers that it would not be a bad idea for tourist authorities to be in touch with foreign tour operators about their views since they are the persons who can convey their clients' comments.

He is sure that Cyprus has a bright touristic future ahead and he has high words of praise for the standard of the island's hotels, hospitality and prompt service.

CSO: 4920

PROFILE ON INTER-COMMUNAL TALKS NEGOTIATOR

Nicosia CYPRUS MAIL in English 1 Jun 80 pp 1, 2

[Article by John Neves]

[Text] Being the Greek Cypriot negotiator in the inter-communal talks looks a thankless task by any standards. But even Sir Ian Gilmour, hardly the most subtle of judges of the situation in our divided island, came to the conclusion on his recent visit to Cyprus that the distance between the two sides had become bridgeable. And it is in just such a constellation of forces, where after several weary years of fruitless confrontation of opposing ideas on the future of the country, that the careful, objective and conciliatory mind of George Ioannides can achieve most.

He has a self-effacing gift of taking the heat out of discussions, and this the man in the street might think is just what is required in the present situation. Naturally, not all the protagonists in the Cypriot drama are of the same temperament; on the Turkish side we hear of threats to proclaim unilateral independence, while there are individual Greek Cypriots who yearn for a Churchill who will lead a campaign of no surrender to an ultimate victory over an enemy who will eventually capitulate without conditions.

Such is not the style of Joannides. He is a man of moderation, of tolerance, of intelligent and objectively based compromise. Probably most would agree that this is the attitude that will lead to progress on the Cyprus issue in the end. We should sit down together with the Turkish Cypriots, tell them about our problems, and listen to what they have to say about theirs, he says. There should be honesty in the negotiations above all else. Cyprus has, not a Churchill, but an Attlee as its negotiator in the intercommunal talks.

Modesty, flexibility, and firmness of ultimate purpose, seem to be characteristics both inborn and acquired in George Joannides. Certainly they were encouraged by the circumstances of his upbringing.

He was born on January 28th, 1924, the second son of a draper in Paphos; his mother was from Nicosia. He went to elementary school and Gymnasium

in Paphos, where he was an able scholar, distinguishing himself by winning the Leontion and Evagorion prizes for Greek essay writing. He was stimulated into taking an interest in politics for the first time by the Italian invasion of Greece in October 1940. The struggle of the Allies seemed to him to be carried out in the name of justice, and he supported them throughout the war.

When he took his Leaving Certificate in 1941, he would have liked to study law; but his father did not have the necessary means. So he took a job in the clerical branch of the wartime Civil Service, serving in the department of the Controller of Supplies in Paphos until 1945. Meanwhile he took a correspondence course with the London Institute of Commerce and Accountancy.

They must have been busy days, because young Joannides was also not neglecting sporting activities in which he had become interested at school. After receiving his diploma, fortune smiled on him: an uncle left his mother some money, and his mother sent him to London to study law.

He enrolled at the Middle Temple in 1945. The young law student was as little of a party man as the middleaged negotiator in the intercommunal talks; and he already had his characteristic openness of mind. He liked to turn over political movements and events in his mind, rather than support or condemn them outright. And he put down his thoughts on the Allied victory in 1945, and the Labor landslide in the general election that year in articles published in the Cyprus press.

True, he was an associate member of the Fabian Society, but his articles which he published in such papers as Ethnos and Agonistes on the social situation were objectively analytic rather than full-bloodedly socialist in tone. Ideological socialism has never had any real attraction for him. In fact he seems to have had the traditional independence of judgment coupled with the innate inquisitiveness of the journalist.

Doubtless an editorial chair would eventually have been offered to the young London correspondent of the Cypriot press had he so wished. But he had come to London to study law, and to this discipline he remained faithful, returning to Paphos after being called to the bar in November 1947, and practicing as a lawyer for 22 years thereafter.

Politics, however, were never far from his mind. In 1949, at the age of 25, he was elected to the Paphos municipal council, as one of a list of five Nationalists, led by the Mayor Galadopoulos. The Nationalists were a middle-class party, opposed to Akel, but without any sound organization behind them. Joannides remained a municipal councillor till 1953, and was at the same time active in various clubs in Paphos, not least the Sports Association, of which he was secretary. He was also writing for various Cypriot newspapers, including the Cyprus Mail for which he reported the Paphos earthquake in 1953.

The earthquake caused widespread damage, and Joannides felt it to be more important to work on the rehabilitation committee than to stand for reelection to the municipal council. The committee's work in fact lasted several years. During this period he also served on the town's schools committee.

When the EOKA struggle started in 1955, he became active in the organization's political wing, PEKA, and indeed took charge of it in Paphos in the following year. In June 1958 he was imprisoned for 7 months under the emergency regulations without being charged.

After the end of the struggle Archbishop Makarios formed an advisory council to prepare for independence, and Joannides was one of its members. At that time he was the district secretary-general of the movement backing the Archbishop's candidature for the presidency--the United Democratic Front for Reconstruction, later to be transformed into the Patriotic Front.

The following year saw the first parliamentary elections in Cyprus, and Joannides was returned unopposed for Paphos. For ten years he served his native town in that capacity, while continuing to practise as a lawyer. Looking back on those first years of the parliament in Nicosia, he feels it is remarkable how well the infant assembly functioned, seeing that everything had to be built up from nothing. The MPs were guided by patriotism, and their lack of experience did not prejudice the capacity for political expression.

During his ten years as an M.P. Joannides served on several committees in the House, including those on education, finance, labor and social insurance and foreign affairs. He was also a member of the selection committee, which selected M.P.s to serve on all the other committees. He further represented the House in the Council of Europe, where he was an alternate member of the consultative assembly.

July 1970 marked a watershed in his life. He was appointed Minister of Justice, and abandoned his legal practice in Paphos. At the same time the Patriotic Front was dissolved, and he withdrew from party politics rather than become involved with the parties which replaced it. From then on he played the role of an independent in politics, a part which had always had attractions for him, and which he believes gives him access to all political groupings in the service of the state.

Joannides has held ministerial office for ten years now as an independent. He was Minister of Justice from 1970 to 1972 and again from 1975 to 1978; Minister of the Interior and Defense from 1972 to 1974; Minister to the President from 1978 to 1979; and on May 31st 1979 he was appointed Greek Cypriot negotiator in the inter-communal talks.

He looks back on a considerable legislative achievement during his years as a minister, and is particularly proud of the reforms he introduced, as Minister of Justice in the treatment of offenders. These introduced

suspended sentences, established workshops in the prisons where the prisoners could learn trades, and set up apprenticeships for the men while serving their sentences.

Other laws he was closely identified with included those dealing with the establishment of a Public Records Office, the extradition of offenders rent control, and the mass media legislation enacted throughout Europe following a conference of Ministers of Justice in Brussels in 1976, at which he took the initiative as rapporteur on the subject.

Such was his ministerial background when he was asked last year by the President to toil in the stony vineyard of the inter-communal talks. An immediate harvest cannot be expected. But Joannides brings to the talks experience and attitudes which could enable him to make progress against the odds.

Right up to the coup in 1974 he was in contact with the Turks, having many of them as his legal clients in Paphos, and working with them in the municipal administration. Memories of this collaboration are happy ones--and that applies too to his contacts with the Turkish Cypriot M.P.s in the first three years of Cypriot independence.

Guided by his memories of fruitful cooperation with the Turkish Cypriots in the days before the coup, Joannides sees his task as Greek Cypriot negotiator as being one in which the welfare of all Cypriots is to be pursued. He does not see himself as a mere protagonist of narrow Greek Cypriot interest. If the political will is present, a solution can be found he says. If left alone, the Cypriots on both sides can find a solution.

Thus a question mark hangs over the role of Ankara in the Cyprus problem. George Joannides feels that if the two sides could sit down together and discuss their problems openly and honestly with each other without interference from outside, progress could soon be made. It has to be tried.

CSO: 4920

CHURCH, COOPERATIVES TO PAY TAXES

Nicosia THE CYPRUS WEEKLY in English 30 May-6 Jun 80 p 8

[Text] The Church and the Cooperatives will be required to pay taxes--for the first time ever--when dealing in land and other immovable property, under a Bill pending before the House of Representatives.

The Bill introduces a Capital Gains Tax in Cyprus and is expected to be approved shortly, since it was worked out in cooperation between the Executive and the Legislature.

It proposes a 20% flat rate on all gains realized from the sale of immovable property and from shares of companies dealing mainly with immovable property.

Charities

But there are a number of exemptions. Gifts to the Republic, charitable institutions or close relatives will not be liable to taxation under the provisions of the proposed law.

Gains of up to £3,000 realized in one's lifetime will not be taxed. In the case of a person engaged in farming, the tax-free amount is raised to £6,000.

Similarly, no capital gains tax will be paid by the owner of a house selling it and making a gain of up to £10,000, if he had used it for a period of at least five years as his residence and it was situated in a plot not exceeding one donum.

Another provision makes it clear that assessment of the capital gain on a property will not go beyond June 1978. In other words, any increase in the value of the property before that date will not be taken into account.

No tax will be paid by an alien living in Cyprus who sells property situated in another country.

And in a move to encourage the flow of foreign capital, the Bill states that people not having Cyprus as their usual place of abode, will not pay capital gains tax if they had bought property here with money brought from abroad.

This provision should greatly help Cypriots living overseas, especially in the UK, who want to buy land or make other investments in immovable property in the island.

The Government had originally sought to introduce a similar measure nearly two years ago when it tabled a Bill amending the basic Income Tax Law.

Under that Bill, which never got through Parliament, 50% of the gain realized through the sale of immovable property would be incorporated in a person's income and taxed according to the progressive scale (from 10-60%). But that would have exluded the Cyprus and the Co-ops which do not pay income tax.

The new Bill, which was prepared along the lines of the Capital Gains Tax Law in the UK, is considered to provide a more equitable tax system.

The authorities also hope it will discourage land speculation which has taken tremendous proportions in recent years, restrain the spiralling prices of land, and act as a stabilizing factor in the economy.

CSO: 4920

ORTHODOX, CATHOLICS TO CONTINUE DIALOGUE

Nicosia THE CYPRUS WEEKLY in English 6-12 Jun 80 p 7

[Text] Rhodes--The first phase of the historic dialogue between the Roman Catholic and Eastern Orthodox Churches ended this week with agreement on procedures to continue the effort to heal a schism of more than 900 years.

A joint communique issued at the end of talks between representatives of the two churches on Tuesday said the meeting had opened the official dialogue "through which it is hoped that steps will be taken towards the restoration of full ecclesiastical communion between the Orthodox and the Roman Catholic churches."

The communique said subjects had been chosen for a set of theological studies. Theological sources said the studies will include the sacraments and the doctrine of the trinity. The studies will be reviewed next year in Venice by a consultative committee, the sources said.

Joy

"Hearing the communique we feel the same joy as the disciples of Christ felt early on Easter morning when they first heard the message of Christ's resurrection," said Metropolitan Meliton of Chalcidon, head of the Orthodox delegation.

The dialogue opened on May 29 on the Aegean island of Patmos, traditionally the place where St. John wrote the Book of Revelation.

The talks moved to Rhodes the next day. The meeting, which was the first since the churches separated in 1054, was agreed upon last December between Pope John Paul II and Ecumenical Patriarch Demetrius I when they met in Instanbul.

The closed door talks were aimed at defining areas of agreement between the two churches before tackling issues that have divided them, such as Papal Primacy, priestly, celibacy and divorce.

The Roman Catholic delegation was headed by Cardinal Johannes Willebrands, Archbishop of Utrecht in the Netherlands.

CSO: 4920

BRIEF

BLOOD DONATION DEPARTMENT PLANNED--The Ministry of Health is planning the setting up of a Blood Donation Department, the Minister of Health Dr A. Mikellides said yesterday. As an immediate aim, improvements are being made regarding the Blood Bank to allow more facilities both for the staff and the donors, as well as the service provided such as plasma separation, etc. The Minister was speaking at the general meeting of the Blood Donation Coordinating Committee yesterday, and he congratulated them on the work done. When three or four years ago the government decided to tackle thalassaemia we were frightened about securing enough blood for the 500 or so patients needing transfusions, the Minister said. Thanks to good work by the Coordinating Committee there was an organized response now. The Chairman of the committee Dr N. Pavlides explained how they approached the problem, appealing to all organized groups--National Guard, police, schools, public service and semi-governmental organizations and trade unions. The campaign Give Blood. Saves Lives is giving results, Dr Pavlides said and expressed gratification that prejudices are overcome and the people are becoming conscious donors. [Text] [Nicosia CYPRUS MAIL in English 31 May 80 p 1]

CSO: 4920

HAUFF VISIT TO GDR, INNER-GERMAN RELATIONS VIEWED

Hamburg DER SPIEGEL in German 2 Jun 80 pp 22-24

[Article: "Situation Checked--Bonn and East Berlin Take Advantage of Research Minister Hauff's Visit to the GDR To Prepare for the Inter-German Summit"]

[Text] It was impossible to overlook the friendly gestures.

When Bonn's youngest cabinet member, Research Minister Volker Hauff, 39, began a 4-day trip through the GDR at the Berlin border crossing at Heinrich Heine Street Tuesday morning last week, he instantly received high-carat treatment. Wolfgang Leupold, 54, state secretary at the Ministry for Science and Technology in East Berlin, welcomed him and promised to accompany the visitor during his entire tour as an "honor escort."

The head of his ministry, Deputy Chairman of the Council of Ministers Herbert Weiz, 56, desirous of personally saying goodby to his interlocutor, made a special trip to attend the concluding dinner given by Hauff at the Elefant Hotel in Weimar on Friday after his scheduled stops in East Berlin, Leipzig, Dresden and Halle.

And the highest-ranking GDR politician whom Hauff met, Politburo member and Central Committee Secretary Kurt Hager, also paid an unusual amount of attention to the visitor, spending 2 1/2 hours at a meal given by Guenter Gaus, the head of the Bonn mission in East Berlin. "This has never happened with a minister of this category," a participant commented. Indeed, Hager before that, had already discussed the world situation and bilateral relations with the man from Bonn for almost 2 hours.

The way the high SED official and the SPD minister greeeted one another had laready been strikingly casual, almost friendly, compared with the otherwise often inhibited inter-German contacts.

With little jokes, both tried to find the right tone for a relaxed conversation. Said Hager to Hauff: "I am sure you know we are from the

same part of the country--you from Backnang and I from Bietigheim." "So we Swabians have reason to feel at home," Hauff replied.

The West German hit on another thing they had in common, saying: "I too want a socialist society...." The SED chief ideologist looked surprised. "...But not the kind you are bringing into being."

Was all this only friendliness on the surface? Hardly.

The special esteem, however, was meant less for the Federal Minister for Research and Technology Volker Hauff than for Folker Hauff the chancellor's confidant who in difficult times--amid an East-West crisis after Afghanistan and the West German boycott of the Olympics--intended as a scout to reconnoiter the terrain for his boss Helmut Schmidt. While the definite date of the chancellor's visit to SED chief Erich Honnecker will not be fixed until after 2 July, when Schmidt will have returned from Moscow, the planners in Bonn and East Berlin assume that the two German heads of government will meet in Rostock before the Bundestag elections, by early September or perhaps as soon as the second part of August.

Already during his first conversation with Science Minister Weiz, Hauff learned that the GDR, with a view to the pending summit meeting, was interested in testing the Western side's reaction to delicate subjects.

"In Afghanistan things would have become much worse if the Soviet Union had not intervened," said the GDR technocrat, beginning his excursion into international affairs. "Peace," he said, "is in jeopardy."

Hauff briefed in long talks with Helmut Schmidt and other experts for the inter-German dialog, demurred, saying: "We want peaceful coexistence without military interventions to be possible." To reestablish the military balance between East and West, Hauff continued, there is an urgent need for on reducing the SS 20 medium-range missiles in East Europe.

The day after, when he saw top official Hager, the Bonn emissary learned from someone in an even better position that he was in demand not as a high-ranking expert on West German microelectronics and welding technology but as a political interlocutor.

With unusual frankness, the SED man reported about the deep-seated fear of war among politicians and citizens of the GDR. Hauff's visit, he said, was visible proof for the government in East Berlin that at least the two German states were keeping their wits about them and--also for the benefit of the big powers--were continuing to talk to one another. Hager professed: "We do not want the two German states to become a desert."

"A serious remark," Hauff thought; "my visit confirmed by impression that at least in the current situation there is no doubt but that the GDR wants peace."

Thus the Hauff visit became a new link in the chain of attempts of both German states not even in times of crisis to stop the development toward normal relations begun with the Basic Treaty of 21 December 1972. Following the visit of Politburo member Guenter Mittag to Helmut Schmidt and Economics Minister Otto Graf Lambsdorff in April and the meeting between the chancellor and party chief Erich Honecker in Belgrade in early May, the Hauff trip is further proof of the fact that the GDR is taking full advantage of the freedom of movement given it by Moscow to cultivate relations with the Federal Republic.

Germany policy people in Bonn, however, are sure that East Berlin will be abel to maintain its course of inter-German detente only to the extent and as long as it suits the Soviets. "If the Russians don't want it, nothing will take-place," said as adviser to the chancellor.

At the same time, however, the experts are convinced that the new inter-German cordiality is not least the result of a successful Bonn Ostpolitik. Because the Brandt-Scheel government at the time helped the GDR to gain an international peputation, they say, the SED men have come to be "freer internally" (as one adviser to the chancellor puts it) and are in a position to represent their own interests vis-a-vis Moscow with more self-confidence.

In the opinion of Bonn's Germany policy people, this thesis is not invalidated by the fact that the GDR, which is getting into increasing economic difficulties, is bent on foreign currency and technological aid from West Germany.

The mainspring of East Berlin's Germany policy, the government headquarters in Bonn has realized meanwhile, is SED chief Erich Honecker. Until recently the chancellor had still been of a different opinion, but now, after numerous personal telephone conversations and the long chart in Belgrade, Schmidt has come to agree with the judgment of the experts of the Inner-German Ministry to the effect that Honecker consistently supports a continuation of the treaty policy with Bonn, notwithstanding tensions of a domestic political and ideological nature.

In addition, according to confidential analyses of the ministry, he has reserved for himself any decisions in the field of Germany policy. And, what is even more important, Honecker is said to have the backing of the Soviet top leadership as far as this policy is concerned.

Bonn is in possession of indications that in inter-German questions the SED chairman can even bypass all the complicated internal and interstate Eastern consultation procedures and discuss his actions with CPSU chief Leonid Brezhnev directly.

Schmidt therefore considered it all the more important even before his trip to Rostock to send a confidant such as Hauff to the GDR in order to investigate the atmosphere on the spot while, at the same time, checking by means of research and technology projects just how serious the GDR is as far as inter-German cooperation is concerned. Bonn and East Berlin

have been negotiating about a science agreement since 1973--without much success. The fly in the ointment: inclusion of West Berlin, where numerous West German scientific institutes have their headquarters.

So far Moscow has refused to agree to a formula acceptable to both sides. Science Minister Weiz told Hauff: "We both know that the treaty negotiations cannot be concluded at this table." Hauff agreed, saying: "The key to the treaty is in Moscow, not in East Berlin or Bonn; the two sides are agreed on that."

The two sides now expect that following the chancellor's trip to Moscow it will be possible for them to sign the scientific and cultural agreement by this fall. Bonn believes that in the wake of Schmidt's meeting with Brezhnev the Kremlin will show itself more approachable on the issue of the Berlin formula.

After escorting Hauff for 4 days, an East Berlin SED man professed: "Things really are working well at present. If it goes on like this, there is a lot more we will be able to accomplish--until we reach the borders of the internal contrasts in our states."

Visitor Hauff, on the other hand, warned against frivolous optimism, saying: "Without superpower correlation, inter-German dialogs of this sort cannot last long."

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CSO: 3103

PARTY EXECUTIVE SCORES DISSIDENT GROUP IN SEW

West Berlin DIE WAHRHEIT in German 29 May 80 p 2

[Statement by SEW [Socialist Unity Party of West Berlin] Executive: "Strengthen the SEW!"]

[Text] Of all things, the "leftwing independent but nevertheless partial" paper DIE NEUE in its issue today, with its pamphlet entitled "Clarity," lends itself anew to supporting a purposive action against the SEW, using in the process, particularly in an article by its editor Haller, ways and means which seriously pose the question as to where it actually stands politically itself. A Springer editor could hardly have done so any better. But that is not all. At the same time the paper opens its columns to forces that felt they had to leave our party or make critical remarks about party policy, while in fact they were unable to prevail with their positions at variance with party policy among the overwhelming majority of party members.

What is the purpose?

While some forces, including members of the party executive Henry Koerdel and Silvia Gramse, left the party, there are a few others--coauthors of supporters of the antiparty pamphlet entitled "Clarity"--who, though they want to remain in the party, are siding with those who have left it. Jointly they manufactured a so-called political declaration comprising 16 typewritten pages, published by DIE NEUE. As for the content of this so-called declaration, an objective political confrontation with it is difficult, for, despite the fact that a closer look definitely makes it quite clear what the authors' purpose is, the declaration constitutes a combination of inventions and half-truths, of distortions and calumnies of SEW policy.

To reduce it to a common denominator, their main concern is not application of Marxism-Leninism in line with the conditions in our city in the anti-imperialist struggle for peace but an attempt to attack basic political and pragmatic positions of our party.

Here the purpose is particularly to divide the party membership and party leadership and render the party incapable of fighting, to deny the experience and successes of our party in the field of unity of action and coalition policy, to declare null and void the strategy and tactics worked out jointly by the delegates at party congresses and, above all, to question the principles, deeply rooted in our party, of proletarian internationalism. It is not by accident that, in the process, by clever ways and means an attack is launched against the clear attitude of our party membership toward the German Democratic Republic, toward the Soviet Union and toward the other countries of real socialism. This incidentially corresponds exactly with the plans of the class enemy.

Thus it is confirmed once more how correct the policy is the reports confirmed by the 15th session of the party executive and how necessary it was in light of the experience in the class struggle to point out the practices of the class enemy directed against Marxist-Leninist parties.

Besides, whoever reproaches our party for not taking issue with mistakes in its work, and for not being ever intent on learning from mistakes in order to improve the activity of the party, does not have the foggiest idea of our intraparty life or consciously distorts the actual state of affairs in our party. Whoever raises discussions of mistakes to the main criterion of the work methods of a Marxist-Leninist party is seriously deficient himself as regards scientific socialism. He appears not to have stood in the class struggle but to have conducted his struggle in seclusion. And one more thing about this so-called declaration: If someone goes so far as to make the ridiculous assertion that the SEW hardly at all or not at all becomes active or exercises initiative on its own whenever new questions are on the agenda--nay, even tries to obstruct or prevent relevant processes--he obviously ceased long ago to participate in party life and, above all, did not understand any of the policy unanimously decided at the 12th session of the party executive and then implemented further in succeeding sessions.

As for the 28 who publicly stated that they were leaving the party, we definitely take that seriously.

Let us tell them this: It is obvious that those who wanted to split the party have failed. Hence now their desperate attempt to restore at least some public interest.

But this will not stop our party in its struggle. In confronting opportunism of all shades, our party will become even stronger and meet its responsibility in the struggle for peace, democracy and social progress. What counts now is consistent implementation of the decisions of the election gatherings of party groups and kreis delegate conferences and preparing for our press celebration. We call on all our members: Strengthen the SEW! That is our answer to capitulators and splitters.

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DEVELOPMENT OF FRG-USSR ECONOMIC RELATIONS SKETCHED

Frankfurt/Main FRANKFURTER ALLGEMEINE in German 3 Jun 80 p 2

/Article by Dr Rudolf Dolzer: "Idea of Limited Cooperation Gradually Given Up"/

/Text/ In preparation of the Chancellor's Moscow trip, the German-Soviet commission for economic and scientific-technical cooperation proposed last week that a governmental agreement be signed between the FRG and the USSR. This may be viewed as the logical continuation of negotiating practices introduced by the SPD/FDP coalition in the seventies. What is new, however, is the extent to which the FRG's energy plans are to figure in the German-Soviet agreement.

Government support of reciprocal trade relations, based on an international treaty, first came up for consideration prior to Adenauer's Moscow trip in 1955. At the time, this type of cooperative arrangement was ruled out on political grounds, however. The reasons for this decision were specified in a memorandum by the then State Secretary Mueller-Armack. "As long as the primary goal of reunification is not attained, it seems dangerous to me," he said, "to disguise the fact that no progress has been made in achieving our political aims by conducting negotiations in limited areas." But the final communique issued in Moscow at that time did state that "questions relating to the development of trade will soon be discussed." Since there was no normalization of political relations, the FRG did not take any concrete steps to follow up on this vague declaration.

A first impulse for a formal agreement on trade relations was contained in a Soviet note in the spring of 1957. In that note the Soviet Union held out the prospect of negotiations about the repatriation of German civilians detained in the USSR on condition that the FRG were prepared to agree to a trade agreement (in addition to a cultural and consular treaty). Under the circumstances, the Mueller-Armack position was abandoned in favor of the political barter deal.

On 25 April 1958, a long-term agreement on goods and payments was concluded in Bonn. "Long-term" in those days merely meant that it would run until 31 December 1960. But more important than this agreement was the General Agreement on Trade and Merchant Shipping concluded in Bonn on the same day. In Article 1 of this agreement, the signatories agreed to extend most favored nation treatment to each other's imports and exports with regard to customs as well as other levies, taxes and fees. Article 3 stated that no restrictions would be imposed on imports "which under analogous conditions would not be applied to any other country." Originally, this agreement was also due to run out on 31 December 1960. At the end of 1960, it was extended to 1963 despite serious differences over a Berlin clause. The agreement has remained in force unchanged ever since. But the 31 December 1960 protocol provides that it may be cancelled on a year's notice.

During the CDU/CSU administration no agreements beyond these were reached. Legally, these agreements were by and large characterized by the fact that they did not include any commitments to comprehensive or partial cooperation and above all by the fact that the political ties stayed rather modest in view of the short duration of the individual agreements.

New Dimension Since 1972

German-Soviet treaty relations in the economic field entered a new phase when an agreement was concluded on 5 July 1972. This document reflected a new state of affairs in that Article 1 for the first time contained the statement that the signatories would endeavor to reach "as high a volume of trade as possible on the basis of mutual advantage." In Article 3, the FRG committed itself to further liberalizing its policies on Soviet exports. Although these agreements differed in substance from those reached earlier, previous practice was followed with regard to the term of the agreement which was set to run until 31 December 1974.

But in 1973 the prior practice of strictly limited cooperation in terms of running time was also abandoned. In the agreement on the development of economic, industrial and technical cooperation, the FRG (like other Western countries) stipulated a running time of 10 years. In substantive terms, the two sides are committed to "expanding and intensifying economic, industrial and technical cooperation."

The next step were the jointly drawn up "Long-Range Perspectives of 18 January 1974" relating to the development of economic, industrial and technical cooperation. In November 1974, an additional agreement on "Further Development of Economic Cooperation" was signed. This agreement, scheduled to run until May 1983, was the first to stipulate government support for trade contracts concluded by private industry.

Present relations are based upon the "Agreement on the Development and Intensification of Long-Range Cooperation" dated 6 May 1978, which became effective on 27 December 1978. Going far beyond the 1973 and 1974 agreements, this new agreement is to run for 25 years; but Article 9 states that it can be unilaterally rescinded by one of the contractual partners by 1988. Article 1 underscores the significance attached to the pact by both sides, terming economic cooperation "an important and necessary element of bilateral relations." In other words, there is formal agreement on the fact that relations can improve only on condition that neither party turns its back on economic cooperation. From the viewpoint of international law, this means that cooperation on a point-by-point basis tied to particular conditions no longer applies. Article 2 spells out the wide range of substantive cooperation planned in relatively clear terms. Article 5 states that the two parties agree to grant credits "at the best possible terms" in support of their economic goals. Article 6 of the protocol soon to be signed in Moscow states that the aim was to work out "a long-range program relating to the main areas of cooperation" for the running time of the agreement.

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FIVE ECONOMIC INSTITUTES PRESENT SPRING PROGNOSIS

West Berlin DIW WOCHENBERICHT in German 30 Apr 80 pp 183-200

[Evaluation of the world economy and of the West German economy by the Working Group of German Economic Research Institutes (Essen): "The International Economy and the West German Economy in the Spring of 1980"]

[Excerpt] On account of the further sharp oil price increases, the adjustment problems of the FRG economy intensified in the course of the winter half-year. The increase in international tension was an additional factor of insecurity. The price increases accelerated and the balance of payments deficit grew further.

In spite of the considerable rise in the interest rates and the foreign trade difficulties that have been intensifying over the last 12 months, the upward movement of demand and production has been continuing. In fact, at the beginning of the year the expansion of exports and of private consumption accelerated. To a large extent, however, this was caused by rush purchases prompted by concern about further price hikes and political complications in the international arena. Consequently, it would be wrong to conclude that the forces of economic expansion are strong enough to overcome the inhibitory influences.

Export Push at the Beginning of the Year

In the first 2 months of this year, the volume of exports and that of new foreign orders increased considerably, whereas in the second half of 1979 these two elements had shown only insignificant gains. Most likely, the anticipation of considerable price hikes caused by the oil price increase and the international tensions was a contributing factor in this regard. This assumption is supported by the fact that the branches registering a sharp increase in foreign orders were those in which oil price increases quickly lead to commodity price increases and which are especially affected by speculative stock movements. Thus products of the basic industries, above all chemicals and synthetic products, were ordered and exported in greater measure.

It was primarily the exports to the West European countries that increased in volume. And for the first time in 3 years it was again possible significantly to step up the shipments to the OPEC countries; in view of the very sharp rise in these countries' oil sale proceeds, this development can be considered the beginning of a lasting improvement. On the other hand, the exports to the developing countries not exporting petroleum and to the state trade countries expanded only slightly.

Consumer Spending Stimulated by Fear of Inflation

At the beginning of the year, consumer purchases showed surprising gains. In the first quarter, the volume of private consumption was approximately 3 percent higher than that of the corresponding period of the preceding year. In view of the relatively small income gains and the accelerated rise in prices, this increase in consumption was feasible only through a marked reduction in the savings rate.

This consumer behavior was probably prompted by fear of sizable price increases; thus purchases were made at an earlier date. Moreover, it appears that the consumers now made purchases which due to the high heating costs had been put off in the fall. This assumption is supported by the fact that after the turn of the year there was an increase in the sale of durable goods--which previously had shown an unequivocal decline--and of automobile makes distinguished by low fuel consumption. It would hardly be justified to infer from this a lasting decline of the trend toward saving.

Marked Increase in Construction Investments

Measured against the volume of new orders in the principal construction trade, construction demand had climaxed 12 months ago. Subsequently, there was a downward trend. In underground construction, however, there occurred a surprising increase in new orders in the first 2 months.

The demand for residential housing remains at a high level. Weighing the burden of higher interest rates against that of higher construction prices, many builders probably decided not to put off, but even to advance their construction projects. Moreover, the share of measures aimed at modernizing construction work and effecting energy savings has increased in the last few years; these measures are probably relatively immune to interest rate fluctuations, not least owing to the state subsidies.

In the last few months, the construction demand on the part of the public sector has been greater than could have been expected from the budgetary estimates, which were determined by the gradual expiration of the investment program concerning promising technologies and by the limited financial latitude in the nuclear budgets. It appears that in anticipation of increased tax revenue, the municipalities placed a greater number of orders.

In the business sector, the demand for high-rise structures has declined, whereas the volume of underground construction orders has been rising continuously. This is due primarily to the developments in the energy sector.

Real investment--seasonally adjusted--continued to increase in the winter half-year, not least owing to the large volume of orders in hand. In the fourth quarter of 1979, the investments exceeded the level of the preceding year by approximately 10 percent and in the first quarter of 1980, by as much as one-fourth; the latter increase was due to the fact that in comparison to the previous year the weather conditions were much more favorable. Other factors contributing to this increase were the further expansion of the labor force and the investment wave in the building industry, which led to a considerable increase in productivity.

Continuing Rise in Capital Goods Investment

Investments in capital goods have remained a stable element in the present economic trend. Whereas exports and private consumption have shown considerable fluctuations against a background of moderate increases, investments in and demand for capital goods are characterized by brisk upward movement.

For some time, the investment activity has been greatly influenced by process and product innovations, by which the investors try to improve their competitiveness. Impulses resulting from the rise in energy costs are of increasing importance. Although the expansion motive has assumed increased significance due to last year's improvements in regard to the degree of utilization, it plays a subordinate role in comparison with previous recovery periods.

The demand for machines and electrotechnical capital goods has grown remarkably. Compared with this demand, the orders for office and data processing machines have been less expansive, although still above average. A decline was registered merely in regard to purchases of commercial vehicles. All in all, the demand for capital goods has been so heavy that the increase in the volume of unfilled domestic orders has remained undiminished.

Slower Rise in Production--Hardly Any Improvement in the Labor Market

Although in the winter half-year consumer demand continued to show significant growth, there was a slight slowing of production expansion; thus the demand was in part satisfied from stocks. The increase in production was roughly equivalent to the expansion of the production capacities; thus the degree of utilization remained high. The number of wage earners and salaried employees continued to increase. In the first quarter, the total labor force--seasonally adjusted--exceeded the totals of the fall and of 12 months ago by 150,000 and 300,000, respectively. The marked increase was due above all to the hiring of trainees and part-time workers. However,

the reduction in working time per employee is attributable not only to this factor, but also to the extension of vacations and the slight increase in short-time work.

The labor force increased not only in the services sector--where this rise represents a continuation of previous trends--but also in the manufacturing industry. In the building industry, on the other hand, the demand for labor increased only slowly.

In spite of the continuing rise in employment, the situation in the labor market has hardly improved. The expansion apparently was just enough to absorb the additional supply of labor. Toward the end of 1979, the number of the jobless declined only slightly and subsequently, not at all. The number of open positions has remained the same. In comparison with the previous year, there were 130,000 fewer unemployed in the first quarter, while the number of open positions had increased by approximately 40,000.

Repeated Inflationary Push From Abroad

The price situation has deteriorated further. This is attributable primarily to the repeated rise in the prices of oil and other industrial raw materials. In January and February, the average import figures exceeded by approximately 20 percent those of the previous year.

The inflationary push from abroad is reflected in varying degree in the price development at the individual production and trade levels. The industrial production costs of goods distributed domestically, including the production costs of basic industry, eventually exceeded the level of the previous year by approximately 8 and 15 percent, respectively.

The overheating in some sectors, especially in the construction industry, was a contributing factor in the price rise and extended to other sectors. The prices of construction projects eventually exceeded the level of the preceding year by approximately 12 percent.

This year, the prices of consumer goods and services have so far increased at an annual rate of approximately 6 percent. This development, too, is for the most part due to the sharp rise in the prices of imported goods. The higher mineral oil prices have affected the consumers not only directly--in this case especially through the fuel prices: They have also led to a considerable increase in the prices of other goods and services. In regard to rents, important factors were the higher interest rates, the marked increase in the prices of housing starts, and the passing-on of the costs of modernizing old housing and of energy economy measures.

Marked Deterioration of the Terms of Trade

The sharp rise in import prices led to further deterioration of the terms of trade in the winter half-year. The increases in import prices (average

figures) were approximately 3 times as high as the export price rise. Thus the nominal surplus of the trade balance continued to decline, although the real surplus in the commodity traffic increased appreciably at the beginning of the year. The balance of payments, which comprises the increased deficits of the service and transfer balance, again showed an increase. In the first 2 months of this year, the deficit (DM 4.5 billion) was approximately half as great as that for 1979 as a whole.

Increasing Public Deficit--Monetary Expansion Slowed

At first glance, the financial and monetary policies appear to have been pursuing different objectives since the beginning of last year. In spite of a good business outlook, the public deficit increased--generally considered an indication of an expansive policy--while the Central Bank tried to check the expansion of the money supply--which is usually considered to be a restrictive policy. In fact, however, the financial and monetary policies pursued the same objective, namely to insure favorable medium-term growth conditions. The financial policy attempted to achieve this by providing performance incentives in the form of lower taxes and by continuing the program of investments in promising technologies, while the monetary policy was designed to check inflationary tendencies. The Federal Bank tried above all to stem the inflationary impulses from abroad, without imposing any additional checks on growth and employment.

Expanding at a rate of 8 percent, government spending in 1979 exceeded public expenditures of the previous year. Here the real purchases of goods and services increased more rapidly than the production capacities. The financing deficit increased from DM 36 billion to DM 40.5 billion. Due to the brisk investment activity, the municipalities in particular showed a much greater deficit. They clearly exceeded their planned indebtedness, whereas the Federal Government and the states stayed within their bounds. Although the Federal Government went right up to the limit of its expenditure estimates, it used the tax revenues in excess of the budgets to reduce its borrowing. Staying below the expenditure estimates and being helped by increased tax revenues, the states remained within the borrowing limits planned.

The Federal Bank tried somewhat to reduce the money supply, which in 1978 had been expanded too much. From the fourth quarter of 1978 to the fourth quarter of 1979, the Central Bank's money supply increased by 6.5 percent. However, during these 12 months the development was not steady: Until May of last year, the Central Bank's money supply stayed above the target zone of between 6 to 9 percent; subsequently, it moved into the target zone and in December, it even fell slightly below it. From the spring until the end of the year, the money supply increased only at an annual rate of 3 percent.

For 1980, the Federal Bank aimed to increase the money supply by 5 to 8 percent. After the turn of the year, the bank indicated that it wanted to keep the Central Bank's money supply "approximately in the middle range of

the target zone or more toward its lower half," since with the favorable economic outlook continuing, the domestic price rise threatened to increase, primarily on account of inflationary impulses from abroad.

Due to the increasingly heavy credit demand on the part of industry and private parties, the interest rates climbed again. Nevertheless, the deutschmark's exchange rate vis-a-vis the dollar was subjected to increasing pressure, since the interest rate increases in the United States were even more pronounced and led to an outflow of capital from the Federal Republic. In order to slow the depreciation of the deutschmark and the resulting rise in import prices, the Federal Bank sold approximately DM 16 billion worth of foreign currency between the beginning of the year and the middle of April. Since it wanted to avoid any additional dampening of the monetary expansion, the Federal Bank compensated this money drain through various measures: It increased the rediscount quotas, facilitated the collateral loan business, redeemed money market securities before maturity, transacted foreign exchange swaps and took securities into deposit.

In order to stem the continuing outflow of capital, the Federal Bank increased the discount and lending rates. As a result, the interest rates on the money markets, which not least owing to the capital outflow had outstripped the Central Bank rates, again increased considerably.

Moreover, the interest structure underwent marked changes. While the interest on time deposits rose especially sharply, the rate on savings accounts remained at a lower level: Eventually, the interest rate on time deposits exceeded by 3.5 percentage points that for savings accounts subject to a statutory term of notice of withdrawal; 12 months ago, the difference had been less than 1 percentage point. These changes in the interest structure triggered shifts among the different types of deposits. The sight deposits and savings accounts subject to a statutory term of notice of withdrawal were reduced, while short-term deposits were increased. Funds set aside for investment in the money market were temporarily kept in time accounts in anticipation of a rise in interest rates on the money market. As a result of these shifts among the various deposits, the money supply comprising cash and sight deposits (M1) eventually was no larger than it had been in the fall, whereas the money supply defined more broadly (M2) exceeded by far the previous level. The money supply as defined in the broadest sense (M3) likewise showed an increase, but the expansion was not nearly as pronounced.

The expansion of the Central Bank money supply likewise accelerated, primarily on account of the sharply increased money circulation in the last few months. On the other hand, the expansion of the minimum reserves required for domestic liabilities remained within the limits set for increasing the Central Bank money supply. It appears that the increase in the Central Bank money supply exceeded the rate of monetary expansion.

Of late, the rise in the rate of interest has come to a standstill and in the money market the interest rates have actually been declining. This

development was triggered by the falling off of interest rates in the United States, which upset exchange rate expectations and reversed the international capital movement.

Outlook

The economic framework for the development over the remaining months of this year is determined by both the monetary policy and the financial policy. Moreover, the latest collective bargaining round has been concluded. Nonetheless, the forecast must be based on assumptions.

The hypothesis that probably is the most important concerns the international political development. It is assumed that the political tensions resulting from the hostage affair in Iran and the Soviet intervention in Afghanistan will not become so critical as to interfere with the international economic development, above all the supply of important raw materials. Furthermore, the prognosis is based on the assumptions that

--the Federal Bank will keep the expansion of the Central Bank money supply approximately in the middle of the target zone;
--the increase in public expenditures will exceed the budgetary estimates and that the Christmas allowance will be raised;
--in the international market the increases in the price of petroleum will in the course of the year not exceed the rise in the prices of industrial goods;
--by the end of the year the deutschmark's exchange rate vis-a-vis the dollar will rise to the level which obtained at the beginning of the year and that in the European monetary system there will be no significant exchange rate changes.

Exports Influenced by International Slump

After the sharp rise in the first few months of the year, commodity exports are likely slightly to decrease rather than continue to increase. Nevertheless, in the spring and summer the export volume will exceed that attained at the end of last year.

In the course of the year, exports will be increasingly affected by the expected cooling of the economic climate abroad. However, this will to some extent be mitigated by the fact that abroad, too, the investments aimed at effecting energy savings and opening up new energy sources are becoming increasingly important. Moreover, the demand of the petroleum-exporting countries will be increasing further. As regards exports to the state trade countries, the concern about embargo measures could lead to sudden jumps, without any changes in the negative basic trend resulting from this. Exports to the developing countries not exporting petroleum are likely to decline, since these countries' expenditures on oil and oil products have increased considerably, while their own export profits are down and the limits to which debts may be incurred are quite narrow.

All in all, the export volume in 1980 is likely to increase by approximately 5 percent over 1979. This rise is for the most part attributable to the sizable expansion in the first few months of this year.

Public Deficit Increasing Further

In view of the international tensions, the Federal Government feels compelled to go to additional expense in order to support other countries and to meet military demands. These expenditures are to be compensated by cutbacks in other fields.

However, a deficit increase probably cannot be avoided, since the wage agreements in the public service entail higher expenditures than were provided for in the budgets and the sharp price hikes necessitate increased outlays, above all for construction investments and materials. As compared to the previous year, the increase in public expenditures probably will be reduced only slightly.

With lessened increases in personnel and reduced purchases of material assets, the volume of public expenditures will not expand as much as it did last year; real investments, too, will be increasing at a lower rate.

The public revenue likewise will be rising at a somewhat slower pace, as compared with last year. The increase in tax revenue is somewhat reduced by the abolition of the tax on total wages, which came into effect this year, by the increase in the tax-exempt amount of the trade tax, the income tax deficit caused by previous tax cuts, and the planned increase in the Christmas allowance.

The government's financing deficit will increase from DM 40 billion in 1979 to approximately DM 46 billion--an increase approximating that of the previous year. The deficit of the regional administrative bodies will rise by as much as DM 8 billion. After registering a deficit of DM 2 billion in 1979, the social insurance funds will show a surplus of DM 1 billion, since the unemployment insurance fund will now again receive considerable state subsidies.

Slight Increase in Private Consumption

Although this year the wage increases are considerably higher than last year, the disposable income of private households will be increasing at a lower rate: Above all, total employment will be declining rather than increasing in the course of the year; moreover, after last year's abatement, the progressive tax schedule is now again fully effective. Combined with the sharp rise in prices, this leads to a reduction in real income gains. As has been shown by recent polls of private householders, this reduction is accompanied by a decline in consumer spending. According to past experience, however, the consumers will try to maintain their standard of living in spite of accelerated price increases. Under these circumstances, the

savings rate is likely to go up again, even though it will no longer reach last year's level. All in all, after the sizable increase at the beginning of the year, real private consumption is unlikely to expand any further; its average annual rate of increase amounts to no more than 2 percent.

Once Again Considerable Increase in Capital Goods Investment

In regard to investments in capital goods, the pronounced upward trend will be continuing. The investments will prove resistant to dampening influences. An indication of this is the past development of the demand for capital goods. The results of the investment test conducted by the Ifo Institute [Institute for Economic Research] point in the same direction. According to this test, the enterprises' investment plans have been revised upward rather than downward, as compared with the situation in the late summer. To a large extent, demand is fueled by the price rise and the concern about a lasting oil shortage; these concerns stimulate investments aimed at effecting energy savings and opening up alternative energy sources. However, due to the lowered sales and profit expectations, the expansion of real investments in capital goods will be somewhat reduced; it will proceed at an average annual rate of 7 percent, as against 10 percent in 1979.

Gradual Cooling of the Construction Boom

In combination with the continuing rise in real estate prices, the sharp increase in construction costs and mortgage rates has increased the financial difficulties to such a degree that in spite of an optimistic outlook in regard to future income a growing number of individuals planning to build increasingly regard them as unacceptable. Consequently, there will be a marked drop in orders in the field of housing construction. However, orders involving modernization, maintenance, and heat insulation and energy economy measures are likely to remain at a high level.

As regards public construction, it is above all the budgetary estimates of the states and the Federal Government that suggest a decline in demand. As compared to last year, the program for investments in promising technologies places less capital at the disposal of the municipalities; however, their financing status is still so good that this year they probably will place more orders than they did last year.

In the field of industrial construction, the volume of orders can be expected to remain at a high level. Moreover, in contrast to previous recovery phases, the investments of the last few years have not been motivated to any significant extent by the desire for expansion; thus even the cooling of the boom is not likely to lead to repercussions in regard to the industrial construction demand.

The volume of orders in hand is still quite large. Consequently, for the time being construction activity can be expected to remain lively in spite

of the weakening current demand. All in all, real construction investment in 1980 will exceed last year's total by 5.5 percent.

Due to the drop in demand, the severe tensions in the construction market will be easing. The backlog of orders will be declining and the rise in prices will be slowing.

Increased Deficit of the Payments Balance

Although this year the volume of commodity exports is likely to increase at the same rate as that of imports, the trade balance surplus will again be decreasing considerably, primarily on account of the sharp rise in import prices, which once again negatively affects the exchange ratio in foreign trade. If the prices of imported goods did not show a greater increase than those of exports, the trade balance surplus would even be somewhat higher than in 1979. However, due to the differences to be expected in regard to the development of the import and export prices, the surplus will be declining by approximately DM 20 billion--a decrease approximating that of the previous year.

In the service and transfer transactions with foreign countries, the deficits are likely to increase further. This goes above all for tourism, but also for the foreign workers' money transfers to their home countries. All in all, the deficit of the balance of payments will probably be in excess of DM 25 billion, as against over DM 10 billion in 1979.

Slight Decline in the Overall Rate of Capacity Utilization and in Employment

In regard to the overall national production volume, the trends prevailing in the individual sectors suggest no more than a slight rise. A temporary decline in the real GNP cannot be ruled out. However, there are no signs of an intensifying decline. The further economic development will to a considerable extent depend on the decisions made in regard to stocks. Under the present conditions, any evaluation in this respect is bound to be marked by a great deal of uncertainty. If the enterprises feel that for political reasons the supply of imported goods is jeopardized, they will keep or even increase their security stocks in spite of high interest rates. In the present forecast, it was assumed that such motives are of considerable importance and that stockpiling will be relatively extensive. In addition to having an effect on imports, this is bound to boost domestic production.

On an annual average, the real GNP will exceed the 1979 average by 2.5 percent. In the course of the year, the rate of production capacity utilization will be declining. In consequence of the production development assumed here, the situation on the labor market will be deteriorating. To be sure, as the overall economic development falls off, the rise in productivity will slow down as well, but the productivity decline will not be proportionate to that of production. Thus the work volume will be

decreasing. The enterprises probably will make their adjustments through a reduction in working time rather than by curtailing the work force, for there are indications that they do not expect a lasting and pronounced business slump.

Thus employment will show a certain decline in the course of the year. However, due to the carry-over at the beginning of the year, the average annual employment total will exceed by approximately 200,000 or nearly 1 percent the total of the preceding year.

Unemployment will show a marked rise in the second half of the year, since this year the supply of domestic and foreign workers will be increasing by approximately 130,000. On an annual average, however, total unemployment (approximately 850,000) will fall short of last year's total by 25,000. Thus the unemployment rate (3.7 percent) will approximate that of last year.

Price Rise at Its Peak

Due to the effects of the oil price increase and the accelerated increase in the labor costs per unit of output, the rise in prices will still be considerable in the next few months. Later on, the expected forcing down of prices in the raw materials markets and the restriction of the transfer margins are likely to determine the course of development. The prices of important semifinished products--calculated in deutschmarks--are expected to go down, especially since a decline in the dollar exchange rate is likely.

On the other hand, the prices of imported finished goods will be increasing appreciably, for most of these products are obtained from countries whose currencies are closely tied to the deutschmark in the European Monetary System and whose rates of inflation are for the most part higher than the inflation rate of the FRG.

The current annual rate of increase of the cost-of-living price index is expected to decrease from the present 6 percent to 4 percent toward the end of the year. This year, the average retail price level will exceed by approximately 5.5 percent that of last year, but toward the end of the year it may again drop below 5 percent.

Considerations Concerning Economic Policy

In spite of the difficulties caused by the second oil price increase, the economic upswing in the FRG has continued into the spring. In the last few months, however, the fact that buyers--expecting price hikes and fearing politically related shortages--made purchases sooner than planned has probably contributed to this development. Thus a sizable reduction in expansion over the year and even a temporary decline in demand and production are all the more likely. Now as before, however, a snowball effect is unlikely to happen, considering the past reactions to the objective changes

resulting from the second oil price crisis, both at home--here many of the changes occurred in the course of the collective bargaining round--and abroad. As compared to the period following the first oil price crisis, these reactions indicate a much greater measure of flexibility; consequently, there will probably be merely a phase of rough going, during which the inevitable adjustment of costs, prices, real income, demand and production to the changed situation is made. At present, it is difficult to tell how distinct this phase is going to be. However, there is a chance that in the course of the next year the expansive forces will again gain the upper hand.

Any attempt to prevent through economic policy measures temporary setbacks in growth in the course of this adjustment process would have serious negative side effects. But the economic planners should also refrain from intensifying or prolonging the cooling-off phase. The economic policy should be oriented toward medium-term objectives, i.e. toward insuring conditions facilitating economic growth and thus a further increase in employment. That economic growth takes priority over other sociopolitical goals is unlikely to be disputed, if only because of the as yet high--albeit reduced--unemployment.

The dampening of the rise in prices is an important intermediate goal on the road toward continued economic growth. To accomplish this is for the most part incumbent on monetary policy. Due to the further rise in the oil price and the resulting wage increases, the difficulties of industry have increased considerably. Nevertheless, there is no reason why the Federal Bank should not expand the Central Bank money supply in the target zone indicated. For an upward deviation would create margins for additional price hikes, while a downward deviation would increase the risk of an economic setback.

In order to finance an increase in demand commensurate with the capacities and to restrict the domestic cost and price increases to the level that is probably necessary for this year, an expansion of the Central Bank money supply in the middle or rather in the upper half of the target zone is advisable. An expedient development could best be brought about, if the Federal Bank refrained from large-scale interventions in the foreign exchange market--a policy which due to the Federal Bank's affiliation with the European Monetary System is subject to natural limits. In addition, the Federal Bank would have closely to restrict the access of the credit institutions to rediscount credit and collateral loans and to make available the Central Bank funds necessary for expansion of the money supply primarily via free-market trading of securities with varying due dates. However, this would mean that the development of interest and exchange rates and the financing of the payments balance deficit would largely be left to the market. While the exchange rate of the deutschmark would then fluctuate, there would be no danger of its developing in directions at variance with the differences in the development of prices at home and abroad.

The German Federal Bank's large foreign currency disposals in the first few months of this year, which also served to finance the payments balance deficit, have given rise to the assumption that a payments balance deficit of this order of magnitude cannot be accepted indefinitely, but that it necessitates countermeasures. This assumption is based on the conditions of a system of fixed exchange rates. Under a system of floating exchange rates--which is applicable precisely to the currency of the country, which has absorbed most of the foreign exchange, namely the United States--the demand for foreign exchange is determined by the intervention decisions of the Central Bank. If the bank does not intervene, the deficit of the balance of payments is financed via the market, namely through surpluses of the capital balance. In view of the continuing stability need enjoyed by the Federal Republic of Germany, there is little danger of a pronounced and lasting depreciation of the deutschmark on the foreign exchange market.

However, the high payments balance deficit need not last long. The greater the price increase-related oil savings or substitutions by other energy sources and the greater the return--in the form of demand for goods and services--of the oil-exporting countries' increased profits, the greater will be the deficit's declining tendency.

An expansion of the Central Bank money supply to the extent indicated is likely to be accompanied in the course of the year by an easing of the tensions in the money markets, for one can reasonably expect both a weakening of economic activity and an abatement of the fear of accelerating inflation. Moreover, a decline in interest rates abroad--which has already set in in the United States--will make more attractive the investment of money and capital in the German market and will exert pressure on the domestic interest level. According to experience, the interest rates in the money market will be the first to decline. However, the trend toward a decline in interest rates in the money market could be impeded by the expectation of a tax cut-related increase in the public budget deficit, but a deficit increase brought about in this way need not have such an effect.

Likewise, some other arguments voiced in connection with fears concerning the public financing deficits are not convincing. Thus a government deficit is not always inflationary, but only if it interferes with the stability-oriented monetary policy; but this is not the case in the Federal Republic. In a free-market economy such as that of the FRG, which offers free access to international capital, the interest and displacement effect of public financing deficits is undoubtedly less significant than is frequently assumed; such assumptions are generally based on the conditions prevailing in a planned economy.

Nevertheless, one should not underrate the problem of a continuing high public deficit. Such a deficit undermines trust in the state. Moreover, the state has lost some of the ability to meet a serious drop in demand with appropriate expenditure- and revenue-oriented measures without jeopardizing trust. Thus in all considerations concerning financial

policy, one must not lose sight of the objective of consolidating the state finances. This problem assumes increasing importance on account of the planned tax cut, which in 1981 would result in a tax revenue reduction of over DM 10 billion. However, a deficit-neutral financing of the tax package such as is being planned should not be interpreted too narrowly: It does not mean that the deficit must be made good in the same fiscal year. Rather, the delayed effects in regard to the revenues should be taken into account as well. Deficit-neutral financing appears to be feasible only if the increase in expenditures is closely restricted or if the indirect taxes are raised; in this regard, it is above all the value-added tax that should be considered. Should neither of these approaches be practicable, it would be necessary to reduce the tax package.

We know from experience that in restricting expenditures it is frequently attempted not to increase or even to curtail investments. In view of the presently declining public construction investments, this would be economically wrong and in terms of growth policy, undesirable. In curtailing expenditures, one should only consider consumptive outlays, subsidies or other transfers.

To be sure, raising the value-added tax would be in keeping with the long-term objective to increase the share of indirect taxes in the total tax revenue. However, this argument could be countered by reference to the fact that such an increase would trigger new price shifts at a stage, at which the consequences of the oil price increase have not completely been brought under control.

Moreover, larger reductions in the planned tax cuts would necessitate a ruling as to which of the two objectives of tax reduction--maintenance of the performance incentives through mitigation of progressive taxation or improvement of the equalization of burdens for families--is to be given priority. If both components are curtailed, neither objective would be satisfactorily served.

According to the Kiel Institute for the Study of the World Economy (IfW), the cyclical downward trend after the vigorous upswing will be much stronger than is assumed by the other institutes. In this assessment, the Institute relies on the experience that a sharp curtailment of the money supply expansion entails a weakening of economic activity. However, the minority vote of the IfW should not be interpreted as an expression of certainty in regard to the economic development in 1980. The delayed effects of the monetary policy are too variable to warrant any certainty. Moreover, any forecast concerning an economic turning-point is complicated by the uncertainty factors outlined by the majority, above all the uncertainty in regard to the political development.

The 1-percentage point deviation from the majority forecast regarding real growth in 1980 (the GNP is expected to increase by 1.5 rather than 2.5 percent) is relatively minor. However, in regard to the minority vote, the

difference in the average annual GNP growth rate for 1980 plays only a minor role. More important is the diverging evaluation of the economic development: The worldwide policy of restriction pursued since the spring of 1979 is expected to be followed not only by a stretch of rough going, but by a stabilization recession.

As was the case after the first oil price explosion (1973/74), the present situation--in connection with a greater measure of political uncertainty--has resulted in stockpiling. This time, the deterioration of the terms of trade is much more pronounced, and the resulting dampening of economic activity must therefore be regarded as more serious. The FRG's monetary restrictions are almost as severe as those of 1973/74. Many of the FRG's important trade partners have this time imposed monetary restrictions at a relatively early stage so that in contrast to 1974 stimulatory impulses from abroad are quite unlikely. Moreover, in comparison with the period following the first oil price increase, the expansion of imports on the part of the OPEC countries is probably less pronounced. The real devaluation of the deutschmark is unlikely significantly to mitigate the decline in foreign demand in 1980/81. An important difference is the fact that in contrast to 1974 this year's economic development is not slowed by aggressive wage demands.

It is difficult to derive a quantitative prognosis from these in part contrary trends. An approach that has proved successful and that has also been followed in 1974/75 is the one that assigns an indicator function to the development of the domestic money supply within the bounds of M1. Since the spring of 1979, the money supply M1 has shown hardly any increase. In 1966/67 and in 1974/75, such a lasting decline in monetary expansion resulted in a recession. It is not only on account of the problems that have arisen since the beginning of the year (sharp increase in the circulation of bank notes and coin), but above all on account of the time lag vis-a-vis M1 (approximately 2 to 3 quarters) that the Central Bank money supply appears to be an unsuitable target and control variable.

According to the monetary approach, the decline in demand should normally have been apparent as early as the 1st quarter of 1980. At the beginning of 1980, however, speculative purchases prompted by the new oil price increase, by intensified fear of inflation and by increased international insecurity abruptly increased demand. But through such a development, the dampening effect of the restrictive policy is not undone, but merely displaced. Whether there will be a drop in production as early as the 2nd quarter of 1980 is uncertain; after all, the political tensions are persisting and even intensifying. The stock-oriented decisions prompted by this could prevent the stabilization recession from taking hold at this point.

The prognosis of the Kiel Institute implies a snowball effect of the slump. To be sure, it was assumed that in 1980--in contrast to customary behavior in phases of economic decline--the savings impulse will not yet be strong

and that the stockpiling, which in 1979 had been exorbitant, will not yet be corrected by cautious decisions in regard to stocks. However, both of these developments could occur in the course of 1980, and in 1981, they probably cannot be prevented.

The recession expected by the IfW will not only intensify the employment problems in the short term; it will eventually reduce capacity growth and thus interfere with the creation of new jobs.

In the past, the anticyclical economic policy was unsuccessful: Like the present stabilization recession, the economic overheating in 1979, which was accompanied by accelerated inflation, was the result of excessive impatience of economic policy. In view of this experience, it will be necessary to avoid deviations from a steady course oriented toward medium-term growth conditions. Under the present conditions, this means that the monetary policy must abandon its restrictive course.

As has been requested by most of the institute the monetary policy should be capacity-oriented. In the face of a capacity expansion by 3 percent and an unavoidable price increase of 4 percent annually during the period from 1980 to 1981, the money supply M1 should be expanded by 7 percent.

In comparison with the past excessive restrictions, such a policy amounts to a certain relaxation, but it is not a policy of neglecting the objective of price level stabilization. The effects of the monetary restrictions of 1979 and 1980 on the rate of inflation are unlikely to become apparent before the second half of 1980 and the main effects probably will not be seen until the middle of 1981.

Tables. Key Data on Overall Economic Performance--Forecast for 1980

	1978[1]	1979[1]	1980[2]	1979		1980	
	Jahre Years			1. Hj.[4] 1st Qu.	2. Hj.[4] 2nd Qu.	1. Hj.[4]	2. Hj

1. Entstehung des Sozialprodukts, real
Veränderung in vH gegenüber dem Vorjahr

1) Zahl der Erwerbstätigen	0,8	1,3	0,5	1,2	1,3	1	0,5
2) Arbeitszeit (arbeitstäglich)	— 0,6	— 0,4	— 1	— 0,4	— 0,4	— 0,5	— 1,5
3) Arbeitstage[3]	— 0,2	— 0,1	0	— 0,1	— 0,1	— 0,5	0,5
4) Arbeitsvolumen (kalendermonatlich)	0,0	0,8	— 0	0,7	0,8	0,5	— 0,5
5) Produktivität[4]	3,2	3,6	2,5	3,8	3,5	3,5	2
6) Bruttoinlandsprodukt in Preisen von 1970	2,3	4,4	2,5	4,5	4,3	4	1,5

2. Verwendung des Sozialprodukts in jeweiligen Preisen
a) Mrd. DM

1) Privater Verbrauch	707,9	757,9	818,5	383,5	394,4	392,5	424
2) Staatsverbrauch	258,8	278,8	298,5	127,1	149,8	137	161,5
3) Anlageinvestitionen	278,5	318,0	363,5	140,6	178,4	166,5	197
Ausrüstungen	110,4	124,3	139	56,7	67,6	64,5	74,5
Bauten	168,1	194,7	224,5	83,8	110,9	102,5	122,5
4) Vorratsveränderung	+ 9,3	+ 29,0	+ 24,5	+ 14,5	+ 14,5	+ 15	+ 9,5
5) Außenbeitrag	+ 37,0	+ 12,5	— 6,5	+ 11,3	+ 1,2	— 0	— 6,5
6) Ausfuhr	348,6	381,9	429,5	183,2	198,7	210,5	219
7) Einfuhr	311,5	369,4	436	171,9	197,5	210,5	225,5
10) Bruttosozialprodukt	1 291,5	1 396,0	1 498	656,9	738,1	710,5	785,5

b) Veränderung in vH gegenüber dem Vorjahr

1) Privater Verbrauch	6,1	7,1	7,5	6,8	7,3	8	7,5
2) Staatsverbrauch	7,2	7,7	8	8,4	7,2	7,5	8
3) Anlageinvestitionen	11,0	15,4	14	12,9	14	18,5	10,5
Ausrüstungen	10,5	12,6	12	13,1	14,2	13,5	10,5
Bauten	11,3	17,2	15,5	12,8	20,8	22	10,5
6) Ausfuhr	5,4	9,6	12,5	8,4	10,7	15	10
7) Einfuhr	3,5	18,6	18	14,5	22,4	22,5	14
8) Bruttosozialprodukt	7,5	8,4	7	8,5	8,3	8	6,5

3. Verwendung des Sozialprodukts in Preisen von 1970
a) Mrd. DM

1) Privater Verbrauch	470,4	483,5	494	235,5	248,0	240,5	253,5
2) Staatsverbrauch	147,3	151,4	154,5	73,6	77,8	75	79,5
3) Anlageinvestitionen	191,4	207,7	220	93,5	114,2	102,5	118
Ausrüstungen	80,8	88,9	95	40,8	48,1	44,5	51
Bauten	110,5	118,8	125	52,7	66,1	58	67
4) Vorratsveränderung	+ 6,8	+ 19,8	+ 15	+ 9,3	+ 10,5	+ 9	+ 6
5) Außenbeitrag	+ 25,2	+ 15,1	+ 10	+ 9,1	+ 3,9	+ 10	+ 8
6) Ausfuhr	245,3	257,6	270	125,9	131,7	134	136
7) Einfuhr	220,1	242,5	254	116,8	125,8	124	130
10) Bruttosozialprodukt	849,8	877,5	893,5	421,9	454,5	437	463

	1978[1])	1979[1])	1980[2])	1979		1980	
	Jahre Years			1. Hj.[1])	2. Hj.[1])	1. Hj.[2])	2. Hj.[2])
				1st Qu.	2nd Qu.		

b) Veränderung in vH gegenüber dem Vorjahr

1) Privater Verbrauch	3,4	2,8	2	3,6	2,1	2	2
2) Staatsverbrauch	3,9	2,8	2	3,1	2,6	2	2
3) Anlageinvestitionen	6,3	8,5	6	6,9	9,9	9,5	3,5
4) Ausrüstungen	8,2	10,0	7	10,6	9,5	8,5	6
5) Bauten	4,9	7,4	5,5	4,3	10,1	10	1,5
6) Ausfuhr	4,4	5,0	5	5,1	4,9	6,5	3
7) Einfuhr	5,9	10,2	5	9,9	10,4	6,5	3,5
8) Bruttosozialprodukt	3,6	4,4	2,5	4,5	4,3	4	1,5

4. Preisindex der Verwendungsseite des Sozialprodukts (1976 = 100)

Veränderung in vH gegenüber dem Vorjahr

1) Privater Verbrauch	2,6	4,2	5,5	3,2	5,1	5,5	5
2) Staatsverbrauch	3,2	4,6	5,5	5,2	4,5	6,5	5,5
3) Anlageinvestitionen	4,4	6,3	7,5	5,8	6,9	8,5	7
4) Ausrüstungen	2,2	2,4	4,5	2,2	2,5	4	5
5) Bauten	6,1	9,1	9,5	8,2	9,7	10,5	8,5
6) Ausfuhr	1,0	4,3	7,5	3,1	5,5	8	7
7) Einfuhr	— 2,3	7,6	12,5	4,2	10,8	15	10,5
8) Bruttosozialprodukt	3,3	3,8	4,5	3,8	3,8	4	5

5. Einkommensentstehung und -verteilung

a) Mrd. DM

1) Bruttoeinkommen aus unselbständiger Arbeit	714,6	768,7	823	366,1	400,6	396	427
2) Bruttolohn- und -gehaltsumme	582,3	626,1	671	298,0	329,1	319,5	351,5
3) Nettolohn- und -gehaltsumme	411,5	443,1	470,5	213,3	229,8	227,5	243
4) Bruttoeinkommen aus Unternehmertätigkeit und Vermögen	288,0	314,6	332	140,8	174,2	147,5	184,5
5) Nettoeinkommen aus Unternehmertätigkeit und Vermögen	223,6	247,8	263,5	107,0	140,8	114	149
6) Entnahmen und Vermögenseinkommen[3])	192,6	215,3	238	95,3	119,9	104,5	131,5
7) Nichtentnommene Gewinne	31,0	32,6	27,5	11,7	20,9	9,5	18
8) Nettosozialprodukt zu Faktorkosten	1 002,6	1 081,5	1 155	506,7	574,8	543	611,5
9) Abschreibungen	144,8	158,4	176,5	77,2	81,2	86	90
10) Indirekte Steuern abzügl. Subventionen	140,2	155,1	165	73,0	82,1	81	84
11) Bruttosozialprodukt	1 287,5	1 395,0	1 496	656,9	738,1	710,5	785,5

b) Veränderung in vH gegenüber dem Vorjahr

1) Bruttoeinkommen aus unselbständiger Arbeit	6,7	7,3	7,5	7,5	7,1	8	6,5
2) Bruttolohn- und -gehaltsumme	6,4	7,4	7,5	7,4	7,3	8	7
3) Nettolohn- und -gehaltsumme	7,5	7,7	6	7,8	7,7	6,5	6
nachrichtlich:							
4) Bruttolohn- und -gehaltsumme je Beschäftigten	5,2	5,5	6,5	5,5	5,4	6,5	6,5
5) Nettolohn- und -gehaltsumme je Beschäftigten	6,2	5,8	5,5	5,7	5,9	5,5	5,5
6) Bruttoeinkommen aus Unternehmertätigkeit und Vermögen	9,4	9,3	5,5	12,7	6,7	5	6
7) Nettoeinkommen aus Unternehmertätigkeit und Vermögen	13,0	10,9	6	15,1	7,8	7	6
8) Entnahmen und Vermögenseinkommen[3])	4,1	11,8	9,5	12,1	11,5	10	9,5
9) Nettosozialprodukt zu Faktorkosten	7,5	7,9	7	8,9	7,0	7	6,5
10) Abschreibungen	7,8	9,4	11,5	8,8	10,0	11,5	11
11) Indirekte Steuern abzügl. Subventionen	7,9	10,7	6,5	4,9	16,3	11	2
12) Bruttosozialprodukt	7,5	8,4	7	8,5	8,3	8	6,5

	1978[1])	1979[1])	1980[2])	1979		1980	
	Jahre Years			1. Hj.[1])	2. Hj.[1])	1. Hj.[2])	2. Hj.[2]
				1st. Qu.	2nd Qu.		

6. Einkommen und Einkommensverwendung der privaten Haushalte

a) Mrd. DM

1) Nettolohn- und -gehaltsumme	411,5	443,1	470,5	213,3	229,8	227,5	243
2) Empfangene laufende Übertragungen	221,8	234,9	248,5	117,2	117,7	124	124,5
3) Entnahmen und Vermögenseinkommen	210,6	235,4	259,5	105,4	129,9	118,5	143
4) Abzüge: Zinsen auf Konsumentenschulden	8,2	9,4	11	4,4	5,0	5,5	5,5
5) Geleistete laufende Übertragungen[4])	25,4	27,8	29	12,2	15,6	13	16
6) **Verfügbares Einkommen**	810,2	876,1	938,5	419,3	458,8	450	488,5
7) Privater Verbrauch	707,9	757,9	816,5	363,5	394,4	392,5	424
8) Ersparnis	102,3	118,2	122	55,8	62,4	57,5	64,5
9) Ersparnis in vH des verfügbaren Einkommens (Sparquote)	12,6	13,5	13	13,3	13,7	13	13

b) Veränderung in vH gegenüber dem Vorjahr

1) Nettolohn- und -gehaltsumme	7,5	7,7	6	7,8	7,7	6,5	6
2) Empfangene laufende Übertragungen	6,2	5,9	5,5	5,8	6,0	6	5,5
3) Entnahmen und Vermögenseinkommen	3,9	11,8	10	11,6	11,9	10,5	10
4) **Verfügbares Einkommen**	6,1	8,1	7	8,1	8,2	7,8	7
5) Privater Verbrauch	8,1	7,1	7,5	6,8	7,3	8	7,5
6) Ersparnis	6,2	15,5	3,5	17,1	14,2	3	3,5

7. Einnahmen und Ausgaben des Staates[7])

a) in Mrd. DM

1) Einnahmen							
2) Steuern	331,3	355,8	379	164,7	191,1	178,5	200,5
3) Sozialbeiträge	190,5	214,3	231	104,7	109,6	114	116,5
4) Erwerbseinkünfte	12,0	13,5	14,5	6,7	6,8	7	7
5) Sonstige laufende Übertragungen	15,0	15,1	16	6,8	8,2	7,5	8,5
6) Empfangene Vermögensübertragungen	6,0	6,0	6,5	2,7	3,4	3	3,5
7) **Einnahmen insgesamt**	862,9	894,7	946,5	285,6	319,1	310	336,5
8) Ausgaben							
9) Staatsverbrauch	256,8	270,6	288,5	127,1	149,6	137	151,5
10) Zinsen	21,7	24,2	26,5	12,4	11,8	13,5	13
11) Laufende Übertragungen an	252,0	267,8	283	132,8	135,0	140	143
12) Private Haushalte	206,4	218,6	231	109,3	109,4	115,5	115,5
13) Unternehmen	26,7	28,4	29,5	12,9	15,5	13	16,5
14) Ausland	19,0	20,8	22,5	10,7	10,1	11,5	11
15) Geleistete Vermögensübertragungen	30,2	32,7	34,5	13,0	19,7	14,5	20
16) Nettoinvestitionen	38,0	43,9	50,5	17,8	26,3	21,5	29
17) **Ausgaben insgesamt**	898,7	845,3	893	302,9	342,4	326,5	366,5
18) **Finanzierungssaldo[8])**	— 35,8	— 49,6	— 46,5	— 17,3	— 23,3	— 16,5	— 30

b) Veränderung in vH gegenüber dem Vorjahr

1) Einnahmen							
2) Steuern	5,6	7,4	6,5	5,8	8,8	8,5	5
3) Sozialbeiträge	7,0	7,8	8	8,3	7,5	9	6,5
4) Erwerbseinkünfte	16,4	12,5	5,5	12,0	14,7	5,5	6
5) Sonstige laufende Übertragungen	20,6	0,3	5	7,4	— 4,8	6,5	3
6) Empfangene Vermögensübertragungen	— 5,2	0,8	8	1,5	0,3	6,5	5,5
7) **Einnahmen insgesamt**	6,5	7,4	7	6,9	8,8	8,5	5,5
8) Ausgaben							
9) Staatsverbrauch	7,2	7,7	8	8,4	7,2	7,5	8
10) Zinsen	5,9	11,8	10	8,5	15,5	10,5	10
11) Laufende Übertragungen an	7,7	6,3	6	6,3	6,2	5,5	6
12) Private Haushalte	6,1	5,9	5,5	5,8	6,1	5,5	6
13) Unternehmen	21,5	6,5	4	12,9	1,6	1,5	6
14) Ausland	[illegible]	9,7	8	4,8	15,5	8	8,5
15) Geleistete Vermögensübertragungen	— [illegible]	8,2	6	0,2	14,2	11	2,5
16) Nettoinvestitionen	14,[illegible]	15,5	14,5	9,6	19,9	21,5	10
17) **Ausgaben insgesamt**	7,3	7,8	7,5	7,2	8,3	8	7

Keys:

Table 1. Formation of the Real National Product--Changes (%) in Comparison With the Preceding Year

1. Labor force
2. Working time (per workday)
3. Workdays
4. Work volume (per calendar month)
5. Productivity
6. Gross domestic product at 1970 prices

Table 2a. Utilization of the National Product at the Respective Prices (Billion DM)

1. Private consumption
2. Public expenditures
3. Capital goods
4. Equipment
5. Buildings
6. Stockpiling
7. Foreign trade
8. Exports
9. Imports
10. GNP

Table 2b. Changes (%) in Comparison With the Preceding Year

1. Private consumption
2. Public expenditures
3. Capital goods
4. Equipment
5. Buildings
6. Exports
7. Imports
8. GNP

Table 3a. Utilization of the National Product at 1970 Prices (Billion DM)

1. Private consumption
2. Public expenditures
3. Capital goods
4. Equipment
5. Buildings
6. Stockpiling
7. Foreign trade
8. Exports
9. Imports
10. GNP

Table 3b. Changes (%) in Comparison With the Preceding Year

1. Private consumption
2. Public expenditures
3. Capital goods
4. Equipment
5. Buildings
6. Exports
7. Imports
8. GNP

Table 4. Price Level of GNP Utilization (1970=100)--Changes (%) in Comparison With the Preceding Year

1. Private consumption
2. Public expenditures
3. Capital goods
4. Equipment
5. Buildings
6. Exports
7. Imports
8. GNP

Table 5a. Sources of Income and Income Distribution (Billion DM)

1. Gross wage and salary income
2. Gross wages/salaries
3. Net wages and salaries
4. Gross management and capital earnings
5. Net management and capital earnings
6. Withdrawals and capital earnings
7. Reinvested profit
8. Net national product
9. Depreciation
10. Indirect taxes exclusive of subsidies
11. GNP

Table 5b. Changes (%) in Comparison With the Preceding Year

1. Gross wage and salary income
2. Gross wages/salaries
3. Net wages and salaries
4. Gross wages/salaries per employee
5. Net wages/salaries per employee
6. Gross management and capital earnings
7. Net management and capital earnings
8. Withdrawals and capital earnings
9. Net national product
10. Depreciation
11. Indirect taxes exclusive of subsidies
12. GNP

Table 6a. Private Household Income and Income Use (Billion DM)

1. Total net wages and salaries
2. Payments received
3. Withdrawals and capital income
4. Deductions: Interest on consumer debts
5. Payments made
6. Disposable income
7. Private consumption
8. Savings
9. Savings (% of disposable income; savings rate)

Table 6b. Changes (%) in Comparison With the Preceding Year

1. Total net wages and salaries
2. Payments received
3. Withdrawals and capital income
4. Disposable income
5. Private consumption
6. Savings

Table 7a. Public Revenues and Expenditures (Billion DM)

1. Revenues
2. Taxes
3. Social contributions
4. Receipts from business activity
5. Other current receipts
6. Capital transfers
7. Total revenues
8. Expenditures
9. Public expenditures
10. Interest
11. Current payments to
12. Private households
13. Enterprises
14. Foreign countries
15. Capital transfers
16. Net investment
17. Total expenditures
18. Financing balance

Table 7b. Changes (%) in Comparison With the Preceding Year

1. Revenues
2. Taxes
3. Social contributions
4. Receipts from business activity
5. Other current receipts
6. Capital transfers
7. Total revenues
8. Expenditures
9. Public expenditures
10. Interest
11. Current payments to
12. Private households
13. Enterprises
14. Foreign countries
15. Capital transfers
16. Net investment
17. Total expenditures

FOOTNOTES

1. Based on data supplied by the Federal Office for Statistics (see WIRTSCHAFT UND STATISTIK, No 2, 1980, pp 69 ff.) and on our own calculations of working time and productivity; discrepancies in the totals are attributable to the fact that the data were rounded off.

2. Forecasts of the participating institutes--data rounded off.

3. Only 50 percent of the quantitative workday changes are taken into account.

4. Gross domestic product at 1970 prices per employee/hour.

5. Interest on consumer debts deducted.

6. Nondeductible taxes; voluntary social contributions by self-employed persons, housewives, etc.; reimbursements and other current payments to the state; net insurance premiums exclusive of benefits; private international transfers.

7. Regional administrative bodies, ERP, equalization funds and social insurance.

8. Total revenues exclusive of gross credit funds, loan repayments and withdrawals from reserves exclusive of total expenditures without loan redemption, granting of credit and augmentation of reserves.

8760
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INCREASING IMMIGRATION FORCES REAPPRAISAL OF ASYLUM POLICIES

Hamburg DER SPIEGEL in German 2 Jun 80 pp 17-18

[Article: "An Accumulation of Enormous Social Explosives"]

[Text] Frightened by the glut of foreigners, Bonn wants to change the right of asylum. The intention is to shorten the legal procedures for making it possible to deport immigrants who have come to the Federal Republic for economic reasons. In addition, according to the government plans, applicants for asylum are no longer to receive work permits.

Helmut Schmidt had an oppressive vision. In the most somber colors, the chancellor at a cabinet meeting depicted a society in which remote-controlled groups of foreign extremists conduct their battles on German soil, trade unionists are harassed by alien extreme rightists and the xenophobia of FRG citizens escalates into hate.

The head of government in Bonn wants to leave no stone unturned the Federal Republic against such a trend--even by resorting to extreme measures.

His ministers, Schmidt suggested, ought to go ahead and ponder the question as to whether, if need be, the influx of foreigners might not have to be curtailed by restricting the right of asylum guaranteed to political refugees by the Basic Law.

The move caused the two protectors of the constitution, Minister of Justice Hans-Jochen Vogel and Minister of the Interior Gerhart Baum, to protest violently. Their chief retreated at once, saying: "I only meant to encourage you to see to it that something was done."

Even Vogel and Baum realize that something needs to be done, for despite the stop in recruiting foreign workers introduced in 1973, the number of foreigners in the Federal Republic, at present about 4 million, is rising disturbingly fast--a trend made possible by the liberal West German right of asylum.

The cabinet meeting was alarmed by the report that particularly Turks had discovered the new way of gaining entry to the country of the economic miracle: in rapidly increasing numbers, men and women from Istanbul and Anatolia are filling out applications asking FRG authorities to be recognized as political refugees.

Whereas in all of 1976 only a little more than 11,900 foreigners applied for asylum, as many as 51,493 refugees reported in during 1979. Even this record figure was almost equaled in the first 4 months of 1980, with the influx of immigrants rising to not quite 50,000. Of the newcomers, 70 percent are Turks who want to escape the economic and political chaos in their homeland.

Most of those seeking asylum are not by any means anxious to get into the FRG because of political persecution but want to get in to make money. Only 9 percent of the arrivals are recognized as political refugees in the end.

The attraction for the petitioners to often use transparent assertions in claiming to be political refugees is the long duration of the constitutional recognition procedures.

In an extreme case 9 years may pass before an applicant for asylum is definitely expelled. During this time an Ethiopian, a Pakistani or a Turk engaged in shift work or in construction can earn more than during his whole life at home. And even if he finds no work, social security and children's allowances suffice to make life in the Federal Republic more attractive than life in the village at home.

It is so rewarding to use and abuse the right of asylum for one's own advantage that in many countries professional transport organizations are formed. These travel agents who ship compatriots by the busloads to the promised land are now to be prevented by the Federal Republic from plying their trade.

In doing so the people in Bonn have little room for maneuvering, because they do not want to touch the basic right of asylum. In the next few days Federal Minister of the Interior Baum together with Minister of Labor Herbert Ehrenberg wants to propose the following to the Laender:

--Procedures for recognizing political refugees are to be curtailed so drastically that, if possible, they are to be completed within a year;

--those seeking asylum in the future no longer are to receive any work permit while the procedures are pending.

In accordance with prevailing law, any new arrival must submit his application for asylum to the aliens office. The Federal Office for the Recognition of Foreign Refugees at Zirndorf in Bavaria decides whether the application is to be accepted. The immigrant can appeal its decision to the administrative court and, unless that court finds against him unanimously, to the Supreme Administrative Court. The next higher place of appeal is the Federal Administrative Court

Once the foreigner finally is in possession of the sentence of deportation, he has the right to protest his being deported and once more to go through all the judicial stages.

This judicial procedure Baum now wants to shorten radically. In the future the authorities are to be in a position to reach a decision about the application for asylum and about depo.tation in parallel proceedings. The applicant for asylum will have to protest refusal to recognize him as a refugee and deportation at the same time. Both protests are to be decided on in parallel as part of one series of procedures and not consecutively as in the past.

At the same time the judicial procedure is to be shortened, with an appeal against the verdict of the administrative judge being possible only if the court expressly permits it. This would bar the way to the Federal Administrative Court which now promises to take so much time.

Ehrenberg for his part wants to stop the Turkish invasion by no longer allowing labor permits to be issued. So far applicants for asylum have been automatically entitled to a work permit as soon as they made their application--whereas, for instance, relatives of foreign workers have to wait up to 4 years before they are allowed to work.

Baum and Ehrenberg are agreed that the attractiveness of the Federal Republic for economic refugees will be reduced only when there is no longer a chance to earn money quickly. A disadvantage is that even more foreigners will seek work illicitly, and besides the municipalities will have to spend even more money for public accommodations for those awaiting the verdict of the judge.

Not only the worry that fear of excessive alien influence may increase among the population has caused Schmidt and his ministers to broach the delicate topic of asylum during an election campaign of all times; the SPD and FDP also want to steal a march on the opposition, which might exploit the subject before the elections for its benefit.

In Infratest poll confirms the fear of those in power of xenophobic feelings becoming more vociferous. Whereas in 1978 as many as 60 percent of Germans were still in favor of foreign workers being allowed to remain if they chose to do so, this view was held by only 50 percent last April.

Hardly any of those polled believed that applicants for asylum were trying to get into the FRG because of political persecution. Out of 10 citizens, 3 imputed political motives to the immigrants. "This being the state of public opinion, the call for more restrictive regulations concerning the granting of political asylum is likely to meet with broad support among the population," states a government study.

Already CDU Minister-Presidents Gerhard Stoltenberg and Ernst Albrecht--fine company for Chancellor Schmidt--are calling for a change in the Basic

Law. Furthermore the CDU/CSU proposes deportation of applicants for asylum for "border judges" right at the border or accommodation in "fenced-in barracks with guards" (to quote the leader of the CSU in the Bavarian Landtag, Gustl Lang).

The idea of rendering social aid not in cash but in kind is also to the liking of Labor Minister Ehrenberg. But Minister of the Interior Baum wants no part of that because payments in kind could be made only in aliens camps--for which he has no use. Baum's State Secretary Andreas von Schoeler says "this would mean the accumulation of enormous social explosives."

In order nevertheless to induce the CDU/SCU Laender for which the Baum proposals do not go far enough to give the necessary approval to the change in regulations, the minister of interior wants to promise the Christian Democrats that he will seriously examine all of their suggestions in staff exercises and expert opinions--which at least for a while would remove the provocative subject from party political debate.

In any case the people in Bonn will then have to think of new measures against the Turkish glut--because a bomb is ticking away in Brussels, in the EEC treaty of association with the government in Ankara.

Ten years ago the Germans agreed that starting in 1977 the obstacles against Turks entering the country would be gradually reduced. As from 1987, according to the text of the treaty, any Anatolian is to be able to cross the German border.

Even now the federal government wants to have no part of that any more--and, according to a high official, would rather break the treaty "in self-defense."

8790
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DIRECT, INDIRECT RESEARCH SUBSIDIES DEBATED

Bonn DIE WELT in German 7 May 80 p 29

[Article by HH., with commentaries as specified: "An Unsuitable Vehicle for the Regular Business of Innovation"]

[Text] The SPD stands alone in its predilection for direct research support. This has been made clear very recently by numerous political pronouncements. At an FDP event in Essen, Count Lambsdorff said he was opposed to the system of direct research support with its unconventional individual programs. Indeed, this criticism of the economics minister was considered by many as a signal for coalition arguments in this matter. Nevertheless, Economics Minister Volker Hauff stated after the Lambsdorff speech that the two coalition partners spoke with one voice on research policy. SPD Deputy Ulrich Steger made this statement with regard to the now-renewed demand by the CDU for increased indirect, e.g. tax, support: "The CDU appears not to consider that the powers in industry and the market are primarily interested in short-term capital investment, and do not have the best economic use foremost in their minds." Steger, who here speaks for the SPD, considers this way [i.e. indirect or tax support] as "irresponsible economically and from the viewpoint of social policy." In recent days, especially, it has again been made clear that those actually benefited--that is, industry--face the blessings from the research budget with growing reserve, and indeed reject outright certain research projects. Hauff has sought to play down the criticism of his research policy by pointing out that 700 predominantly positive comments were received on the federal government's sixth research report. Only three enterprises and eight trade associations are supposed to have voiced criticism. According to the critics, Bonn neglects basic research, puts too much money into direct support, and concerns itself excessively with questions regarding innovation consultation, whereas this should primarily be the responsibility of the enterprises themselves. DIE WELT publishes below excerpts from several points of view.

Prof Rolf Rodenstock, president of the Federation of German Industries (BDI)

"You point out correctly that in accordance with the BDI's evaluation the predominantly project-oriented research apparatus of your department is

controversial. This view is based on detailed deliberations in the BDI's committee for research and science policy and is supported emphatically by the presidency and the board of directors, and in particular by the representatives of medium-size industry. . . .

"In this connection, industry has indeed always pointed out those dangers in the area of organization policy which, by their very nature, are inherent in guidance processes of a certain order of magnitude. In conclusion, industry has emphatically drawn attention to the fact that a participation of the works council, as you have provided for obligatorily in the manufacturing engineering program, finds a basis neither in legal regulations nor in what is to be achieved by the program. . . .

"As one gathers from the support catalog which you published, your department supports nearly 5,000 individual projects. . . .

"I consider it judicious for a serious effort to be made, within the framework of a working committee, in which the BDI will be very happy to participate, to attempt to narrow down the very general criteria advanced in Federal Research Report VI, in order to arrive at a better delimitation of the individual decisions which must be made by your department alone. . . ."

Otto Wolff von Amerongen, president of the Federation of Chambers of German Industry and Commerce (DIHT)

"There is agreement on the fact that high-risk advanced and key technologies which require large capital investment require cooperative efforts by industry and the state. I hold the view that for these areas--and only for these--project support can be recommended as a suitable vehicle. Projects of this nature exist, for instance, in programs on the subjects of energy research and energy technologies, ocean research and engineering, and space research and engineering. . . .

"For your department's programs on many other subjects which are concerned with the 'regular business of innovation,' the vehicle of project support is in my opinion unsuited. You know my view, that indirect measures in these areas which lead to an increase in the firm's own capital funds are considerably better for assuring a broad range of innovation activity. Here I am thinking in particular of tax rebates.

"I also see a problem with project support in the question of economical administration of means. Indeed, in an enterprise of the professional engineering and scientific community the grants are subjected to strict management principles and budget supervision. Yet no one has checked on the administrative overhead with which a grant is burdened. If it is borne in mind that the grants are subject in addition to income tax, one necessarily arrives at a not very satisfactory result, as far as the cost-use relation of project support is concerned. . . ."

Bernhard Kapp, president of the Association of German Machine Construction Works (VDMA)

"The support of basic research at universities and other scientific institutions does not enjoy the standing it merits in the BMFT [Federal Ministry of Research and Technology], although it is to this research, in which the state exerts no influence on the subject, that we own our world-wide reputation and surely a part of our technological lead.

"According to your own statements, no area of research support except basic research support has less than 1 percent unadjusted growth, which means retrogression in real terms.

"Here, moreover, the long-standing successful cooperation between universities and industry, well proven also in machine construction, is apparently not assessed at anywhere near its true worth. . . .

"The program of humanization of the work environment could, in my opinion, be discontinued at any time. The useful effect of approximately DM 330 million since 1974 appears questionable not only to me but now to the trade unions as well.

"The newly started program of manufacturing engineering, from which we really expected a widespread effect in medium-size industry for the first time with a BMFT program, has been loaded down--under the influence of other than scientific and technical points of view--with labor science and social science aspects, which render a true success for industry questionable. Beyond that, the shop stewards and the trade unions have also now won a degree of influence in this program, which exceeds the legal scope and which, through excessive stress on job security, is surely not going to have a positive effect on the sought-for results of technical and salable progress.

"In principle, from the way it looks today, I must reject this program, although the construction of machine tools should be at the center of support.

"This view is strengthened further when I see that your department apparently defends the opinion that without BMFT programs the watch industry in our country would be dead and the machine tool industry would not survive the next 10 years. Such a view shows an overestimate of the effect of BMFT means to such a degree that one can but stand in amazement.

"In this connection it should only be added that the manufacturing engineering program is supposed to reach 60 percent of machine construction, and that this part of machine construction expends annually approximately DM 1700 million for research and development, in comparison with program means of approximately DM 70 million [annually] on average limited to the coming 4 years. . . .

"From my own experience I am convinces that the industry would carry on still more research if the exorbitant increase in taxes did not prevent the workshops from doing this. The subjects of this research would surely better address the appropriate requirements in the workshops than the best state planning could do. . . ."

Karl Wamsler, president of the Association of the Chemical Industry

"With the background of our fundamental evaluation of vehicles of state support of research and innovation, which implies an unequivocal preference for tax support and non-project support independent of project definition..., we consider a chemical share of 3 percent of the total support of enterprises by the BMFT as inadequate, in view of the present and future importance of our branch of industry. . . ."

Carl-Otto Bauer, president of the Study Group of Industrial Research Associations (AIF)

"Indubitably, in the present practice of research support, the proportion of undesired and incalculable effects on competition with the result of possibly undesired structural change is high. A more even relation between program and expense-oriented support could improve this situation. . . .

"The results to date of administrative measures carried out through the Study Group of Industrial Research Associations (AIF), acting as the management organization for small and medium-size enterprises, 'Support for Outside Contract Research' and 'Research and Development Personnel Costs Grants,' should encourage the federal government to give encouragement increasingly to the non-program-oriented support of research and development activities which arise from the immediate industrial demand for new and better products and process technologies. . . .

"Already, through grants for the year 1980, the estimate of the BMFT program item 'Grants for Support of Research and Development Orders of Enterprises of the Professional Engineering and Scientific Community—Contract Research' (Chapter 3002, individual program item 683 01) has been more than 95 percent applied for the current year. . . .

"These figures, together with other experience, indicate the opportunities created in supporting enterprise-owned research and development activity without state-set goals and by means of unbureaucratic, rapid wind-up by a knowledgeable management organization: the entire range of the professional engineering and scientific community with its various branches is included. The enterprises can also be given assistance--for instance, with contract research--by way of project support without intervening in the processes of the marketplace. These views should be taken very seriously into consideration during further deliberations on the improvement of state research support. . . ."

5586
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JOURNAL COMMENTS ON GOVERNMENT POLICY ON COAL

Bonn VORWAERTS in German 1 May 80 p 15

[Article by Jens Fischer: "Small Is Also Beautiful With Coal: The Future of Coal Is Assured; the Future of Saving Energy Is Not Yet Assured"]

[Text] The Bundestag has passed laws on saving energy and on the priority of coal in energy policy. Saving was once again understressed.

According to estimations by experts, unmistakable signals were given at the Hannover fair. The motto is "save energy." FRG products, displayed at the fair, await a prosperous future. The demand for heat insulation, improved heating technology, heat pumps, and solar collectors is booming. The manufacturers of electric heat pumps point to the three digit rate of increase and for 1980 calculate on selling 25,000 units on the domestic market alone.

The same tendency holds true for solar collectors. Sales should double in 1980; in 1990 two of a total of 22 million households in the FRG will have converted to this alternative source of energy, according to calculations of this "sunny" branch of industry.

With such high-flying plans the portion of the work of the Bonn parliament devoted to energy policy was somewhat overshadowed last week. It was, in this regard, a matter of politically outflanking what has been referred to as a "century's contract for a century's work." At the end of March the power supply companies and the German hard coal mining industry signed an agreement according to which the power companies would increase their share of the use of domestic coal from 1979's 33.8 million units of hard coal to about 46 million units in 1995. In so doing the mining enterprises sold more than half of their "black gold" for the 1990's.

Federal Allotments for Conversion From Oil to Coal

And for the time byond this as well the hard coal producers do not have to fear that they will be left sitting on new piles, and above all on long-term investments in new production sites. Although the purchase quota up to 1990 remains constant, even with reduced energy consumption, after 1991

it will be coupled to the growth rate of consumption. Increases of up to 50 million units of hard coal are then conceivable; purchases will not sink below 45 million units.

Last Wednesday the Bundestag helped provide the legal basis for this large-scale undertaking which gives priority to coal in matter of energy policy; in particular, it also provides a solid basis for the needed investments in the development and production of domestic coal supplies. The amendment of energy policy provisions, dealt with in the first reading, which will become law on 1 January 1981, extends the federal subsidy for expensive high-energy coal which competes with the cheaper heating oil, reduces the price of coal by one-third to the price of imported coal, guarantees investment allotments for power stations for additional years, and creates federal allotments for the conversion of thermal power coupling plants from oil to coal.

Besides changing the energy law the Bundestag also changed the legal regulations on customs quotas for solid fuels in order to provide the FRG's energy establishment with a bigger bite of the world's coal market. This measure was possible only after the agreement between the coal producers and the energy producers, because previously the coal enterprises were fearful about their ability to compete and resisted further imports.

In contrast to these very extensive steps, the amendment of the energy savings law--likewise deliberated on Wednesday in the Bundestag--is rather modest. It prescribes consumption figures for heating costs in homes, increases insulation requirements in existing buildings--both, to be sure, "within an appropriate time span." Even if here, in fact, considerable savings potential could be realized--the heating of buildings still comprises 40 percent of the total energy costs in the FRG and after all where changes have been made, savings of up to 20 percent have been realized--there is a lack of technical capacity for short-term changes. The filled order books of the trade are an indication not only of changing consumer behavior but also of a limit to its acceleration.

The lopsided battle plan on the parliament's work schedule--here the long-term and substantial expansion of an energy supplier, there only initial steps toward federally imposed energy cutbacks--was rather accidental on Wednesday. However, it characterizes the energy policy situation. Politicians apparently still believe too little in the prime source of energy, cutting back, and the energy producers do not believe in it at all, which is no surprise.

In the mouth of the FRG's Minister for Economics Lambsdorff, support for coal production, however did not calm the critics of nuclear energy. According to Lambsdorff: "The priority use of German coal and the import of foreign coal together form the political basis for increasing the employment of nuclear energy in the future." And the CDU/CSU speaker, Freiherr Spies zu Buellesheim, legitimized the support of his party: "This law establishes the political prerequisites for the expansion of nuclear energy."

Certainly this expansion was linked by the government to the priority of coal. Nonetheless with the coal decision the government has not escaped energy policy responsibility. Not even for reasons of economy. Coal, indeed, is now available in order to keep open energy options other than oil. Decisive for the future need of nuclear energy, decisive for the option to be able to bail out of nuclear energy is still whether--now with support of the coal companies which seek to sell their product--reduced energy consumption will be rewarded and whether cutting back will be left to the nebulous "consumer common sense."

Long Distance Heating Stagnates for Non-Related Reasons

It also depends upon what the energy companies do with the coal. As is generally known, they are still very much attracted to large sites. Large coal sites in areas of heavy congestion are ecologically questionable and almost as politically difficult to put through as atomic piles. Locations for them are to be found only at great distances from centers of consumption. In that case, however, coal power stations lose their competitive financial edge with the nuclear power plants: The economic advantage of thermal power coupling is lost.

The FRG's Minister for Research Hauff has underscored the advantages of small coal power stations. They make better ecological sense; when operated with modern procedures, such as fluid bed firing--tolerable in the proximity of congested areas--they can make use of thermal power coupling which is advantageous from economic and energy policy points of view.

At this point the unanimity has holes which are evident in statements made in the Bundestag. Hauff pointed out that the amount of the FRG's long distance heating has stagnated at 7 percent because of nonrelated technical financial objections, such as those presented by Schleswig-Holstein's Stoltenberg. In this connection Hauff recalled the suggestion of a waste heat levy which would make the wasting of energy at large power plants more expensive. The future need for nuclear power remains on the political docket, thus, even after the coal decision.

9485
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PROGRESS, PROBLEMS IN CONSERVING OIL NOTED

Bonn VORWAERTS in German 1 May 80 p 20

[Article by Dietrich Joern Weder: "Leak in the Tank: Efforts To Save Oil Ooze Away on Germany's Roads"]

[Text] Modest successes in saving energy still contrast with waste and luxury consumption.

The FRG's economic ministry is jubilant. In the first 3 months of 1980 8 percent less petroleum products were sold in the FRG. However, since no less crude oil and finished products in toto were imported than during the same period in the previous year, the FRG is for once well covered with sufficient governmental and commercial stores for 127 days of use. In the heating oil tanks of private homes the level at the end of March was higher than in the previous year.

Is this, however, a cushion upon which one can peacefully sleep? The reduced consumption of the first 3 months leads the economic ministry to hope that the FRG can do without official regulations for cutting back and nonetheless not surpass the agreed-upon maximum import quantity of 143 million tons. In any event Graf Lambsdorff wants to consider speed limits for driving. Even to utter such a thought of "robbery of freedom" is a big thing for this FDP minister.

The given promise to cut back may be achieved in one fashion or another, but may one be content to restrict use in contrast to the previous year by a ridiculous percentage? Even the import quantity of 141 million tons planned for 1985 is likewise much too generous and does not even approximately come to terms with the political-economic provocation of the producing countries. Because of the unavoidable, rapid depletion of the world's natural reserves alone, the FRG within 2 decades must take a giant step away from oi. The extortion practiced by a single large supplier, which already exists today, makes it imperative to speed up flat out the tempo of this flight.

Viewed in this light, German success at cutting back has been meager up to now, even if the record consumption of 1973 has not yet been attained again

and participation by oil in the total energy package has in the meantime been reduced from the 55 percent of that time to less than 50 percent.

Driving is the big leak in the tank that cancels out all efforts to cut back in other areas. Cars and trucks eat up 7.5 million tons more fuel than in 1973, just as much more as is now not consumed in heavy heating oil by FRG steam boilers compared to that time. Not only has the number of cars being driven around since that time increased by 6 million to 23 million, but the movement of goods has shifted in a relatively massive fashion from tracks to roads and waterways. What a foolish and devious course to take during an oil crisis!

Whereas the railway today transports less goods than in 1972, long-distance trucking handles half again as much. Autobahn users do not need any statistical proof of this.

One Flight is as Expensive as 17 Train Trips

Long-distance trucks and boats run almost exclusively on diesel fuel, and each transports today approximately as much weight as trains. The railroad transports four-fifths of its passengers and freight on its electrified network, and the current for this is produced less than 5 percent from the combustion of mineral oils. According to a disputed calculation made by the railroad, inland ships require just twice as much energy and the big boats four times as much in order to transport the same freight. Travel by car consumes five times the energy per person of going by train and flying actually 17 times as much. Additionally, cars, like planes, run exclusively on oil-based fuels.

In order to provide the inland shippers with a free route and to drain the freight business from the railroad, the FRG is driving the Rhine-Main-Danube canal right through the idyllically irreplaceable Altmuehl Valley. In order to provide domestic and international air traffic with a completely superfluous second landing field in the FRG besides Frankfurt, the Erding Moos, a large park and recreational area north of Munich, is to be sacrificed.

Lufthansa, like private airplanes, has been flying noisily above our heads since 1953 with untaxed gasoline. DM 300 million net escape Finance Minister Mattoefer through this concession, which is today completely incomprehensible. But taxing this waste is going to have to wait, just like the tax breaks to be granted to commuter car pools. Apparently, things have to get pretty bad for us before limitations are set on luxury usage.

A ray of light in all of this is the reduced consumption of light heating oil in homes. Every stroll through any residential area shows how everyone is busy replacing old leaky windows with new insulating storm windows. Many a visitor to someone's home this week will experience how much colder it is in West German citizens four walls.

To be sure, power plants like private consumers have converted on a grand scale since 1973 from heating oil to natural gas. A gas crisis, however,

will shortly follow the oil crisis, as anticipated deliveries from Algeria and Iran are in doubt, and the Dutch, like the Soviets, are pressing for prices comparable to oil. The only certain escape valves for consumers now are cutting back and cutting back again and the use of solar energy, to the extent that this is economical. In everyone's interest the government must considerably intensify pressures and enticements to accomplish this.

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CONSERVATIVE PARTY PRIMES CONSTITUENTS FOR ELECTION BATTLE

Helsinki HELSINGIN SANOMAT in Finnish 27 Apr 80 page not given

[Article by Aarno Laitinen]

[Text] Lahti—The Conservative Party is off to the communal elections with one thing in its mind: to crush the Social Democrats. Votes against the Social Democrats dominated the Conservative Party's middle-class parliament in Lahti on Saturday, when the party primed its activist constituents for the communal elections battle. The goal that has been set is to raise the Conservative Party to the position of the country's biggest party.

Chairman for just short of a year now, Ilkka Suominen announced to his audience of nearly 1,000 people that the Conservative Party is still the most broadly based general party. Suominen invited confirmed Liberals to join the ranks of the Conservative Party. "The middle-class thinking to be found in the Liberal districts today fits in very well with the range of ideas in the Conservative Party."

Suominen also demanded that Conservative Party influence be extended to the ranks of the Center Party (KEPU): "A class party cannot impartially take care of farmers' affairs alone."

The Swedish People's Party can expect the Conservative Party to invade its territory too. Suominen: "The Conservative Party also appears to be enjoying increasing confidence as a handler of the affairs of our Swedish-speaking population."

Suominen warned Social Democrat labor-union leaders that the Conservative Party will also invade the wage-earner movement with the aid of white-collar workers.

Suominen directed his harshest criticism at the Social Democratic Party (SDP):

"It is no accident that the Conservative Party has risen to the position of leading challenger of the present government coalition and its leading party, the SDP. Our positions on taxes or, putting it another way, people's

right as individuals to insofar as is possible determine their own affairs for themselves, also as far as what use their income is put to, differ from one another as do night and day. The Conservative Party has consistently defended the individual against the society's increasing management of his affairs and against bureaucracy, while the Social Democrats do so at most once during an election campaign, in a big election debate on television."

SDP Selling Wrong Product

Suominen accused the Social Democrats of having forgotten the promises on taxes they had made during the elections: the avoidance of tax hikes, a reduction in the tax on cars and a shift in emphasis to indirect taxation. "The tragic irony in their underestimation of the Finnish voter is the fact that the Social Democrats refer to their own former ideas on tax policy as tax populism," Suominen says.

The Conservative Party chairman said that the Social Democrats are selling the wrong product during the elections in claiming to be against tax hikes.

The anti-Social Democrat line was also pursued in speeches by other Conservatives. Anders Blom, representing the younger members, who had previously chiefly concentrated his criticism on the party leadership, accused the Social Democrats of trying to conceal their unsuccessful policy through Mauno Koivisto's popularity.

In addition to Blom, other internal Conservative Party discordant voices also remained silent or concentrated on criticizing the government and the Social Democrats.

Ilaskivi Criticized Bureaucracy

Helsinki's new city manager, Raimo Ilaskivi, who criticized municipal bureaucracy, spoke on the main topic at the middle-class parliament held in token of the approaching communal elections.

Ilaskivi related how, when, for example, visitors to the Helsinki City Hall often ask: "How many people work here?" employees sarcastically answer: "Half of them."

"It has often been said that bureaucracy feeds itself. The problem of bureaucracy has incontestably created a problem for the community economies. Alongside the necessary planning is the unnecessary planning, along with the indispensable paperwork is some of a very questionable nature and the number of jobs has increased because the importance of the director and his position is preferably measured in terms of the number of subordinates he has under him," Ilaskivi said.

Ilaskivi also gave an account of his ideal, the so-called zero-budgeting principle, which Georgia Gov Jimmy Carter first put to use. In drawing up

the budget, all existing activities, not only the new ones, are subjected to questioning. Administration activities, including both income and expenditures, are annually estimated anew.

On Sunday, the day of the middle-class parliament's second session, talks on the communal elections will be continued and a public statement issued.

30 Percent of Young People Supported Conservative Party

The opinion poll favoring the Conservative Party also made clear young voters' behavior. According to the poll, during the 1979 parliamentary elections the Conservative Party garnered the biggest share of the 18-to-24-year-old age-group vote, or 27 percent, whereas support from young people for the SKDL [Finnish People's Democratic League], the SDP and the KESU was in the neighborhood of 20 percent.

Since the elections, the popularity of the Conservative Party among young people seems to have grown. According to the M-Information Center, support for the Conservative Party this March among 18-to-24-year-olds amounted to 30 percent.

The Conservative Party is trying to make use of the latest opinion poll results in its community elections campaign. It is relying on the fact that the steadily growing support will lead to a rising curve since it is estimated that many uncertain voters will be inclined to vote for the winning side.

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CONSERVATIVES' PARTY SECRETARY CONFIDENT OF EVENTUAL BREAKTHROUGH

Helsinki SUOMEN KUVALEHTI in Finnish 9 May 80 pp 44-46

[Interview with Conservative Party secretary Jussi Isotalo by Juhani Aromaki; date and place not given]

[Text] The cleaning up of the Conservative Party image in the 1970's, during which, even more than his kibitzer of the moment, Ilkka Suominen, Harri Holkeri spared no soap, has been successful.

We can say this if, with the change to a moderate party, we estimate support for the Conservative Party, judging from growth figures. In terms of foreign policy, the party is in perfect order. In terms of domestic policy, the party is quiet and makes use of situations fully to its own advantage.

Both the Social Democrats and the Center Party (KEPU) are boiling over and accuse the Conservative Party of pursuing a noncommittal policy, yearn for real alternatives from it and are in an angry mood. But the Conservative Party just keeps on growing.

According to party secretary Jussi Isotalo, the Conservative Party has profited from the change in the structure of the economy, its moderate line and public image, its emphasis on the position of the individual and the society's growing tendency to become more middle-class.

"The Conservative Party is, rather, a low-threshold party, which Finns can easily identify with, than a low-profile party," the party secretary said.

According to the latest opinion poll, [support for] the Conservative Party has climbed to just 0.2 percent short of the Social Democrats. In the Conservative Party's party bureau, they are waiting for the four biggest parties to any day now also order an opinion poll of the opinions of Finnish citizens.

Jussi Isotalo gave his May Day speech in Rauma. He went for the Social Democrats' throats and demanded that they state their basic attitude toward a union of white-collar workers and public servants.

"The Conservative Party extends its full support to a coalition of white-collar-worker and public-servant forces. We in no way approve of the fact that, particularly in Social Democrat districts, they are trying to apply the brakes to this development and that they have labeled the Conservative Party as being power hungry. What is at issue in our society is that a significant process of change in the occupational domain is taking place which, in order to solve the problems a growing portion of the population is facing, also presupposes coexistence among political parties," Isotalo said and at the same time revealed one of the secrets of his party's success.

The young party secretary heaped more coals on the fire:

"The parties neither can nor should be allowed to make decisions for the labor-union movement. This only leads to one-sided political emphases, the likes of which the SAK [Central Federation of Finnish Trade Unions] constituency offers numerous negative examples.

"The parties, however, are obligated to state their opinions on central issues as well as on a union with the white-collar workers. This is an indication of the parties' desire and ability to follow the evolution of the society."

It is easy to guess where political parties can get their support — and above all, an increase in support — from. By the end of the decade that has just begun, the number of white-collar workers will be in excess of 1.2 million, whereas by that time the number of blue-collar workers will have dropped to about 700,000.

[Question] According to the latest opinion poll, the Conservative Party has climbed to within only 0.2 percent of Finland's biggest party, the SDP [Social Democratic Party]. Party secretary Jussi Isotalo, why do the times now favor the Conservative Party?

[Answer] The changes in social structure that took place over a period of from 10 to 15 years are now over. The Conservative Party's moderate and people-oriented image has reached people, who are getting away from the notions of interest groups and social classes.

From the beginnings of the national coalition, since 1966, the shift in attitudes has taken place everywhere, not just in the splinter parties during the 1970's.

[Question] At the present time, is the recipe for success to just sit around and do nothing, create that magical "low profile" and wait for support to grow?

[Answer] If we try to sound out the opinions of our citizens today, we find that there is no pressure in Finland toward big social reforms. More to the point than the claim that the Conservative Party has a low profile would be that the party has a low threshold.

The party's moderate policy throughout the 1970's has meant that it is easy for people to make their initial decision to vote for the Conservative Party and also to permanently switch over and become a party supporter. Very uncompromising parties do not attract voters.

The Conservative Party's public image today is such that those who are beginning to favor white-collar workers — some say the middle class — at any rate a large group of people, can easily identify with it. Our competitors have also noticed this, since, otherwise, they would not be trying to put on such a show of being as middle-class as they do. Just think of Mauno Koivisto's first administration and the present one. There is quite a difference.

[Question] Although the Conservative Party is a major opposition party, not many opposition party statements have been heard about the Koivisto government's doing things or leaving them undone. Is there a good administration in Finland now?

[Answer] A lazy administration is never a good administration. It has succeeded in staying alive, even though it has swept every issue under the rug on which it could not reach full agreement. Developing a low profile in the face of this nonachievement requires ingenuity.

[Question] Is this a middle-class administration?

[Answer] The government's failure to act does not make it a middle-class administration, rather a helpless and indecisive one.

[Question] What will happen to the so-called red-ocher axis if the Conservative Party goes on to become Finland's biggest party during the next few years?

[Answer] That question should be asked of axis voters. If the Conservative Party grows to become Finland's biggest party or generally as big as is predicted, it will be up to the party to get voters to vote accordingly. This by no means means that Conservativ Party leaders are power mad.

[Question] Will the Conservative Party smash this axis?

[Answer] The Conservative Party will sooner or later smash ossified coalitions. There has never yet today been...

[Question] What sort of plans does the Conservative Party have for constructing new coalitions? The SDP is making no promises about taking on a coalition partner and the KEPU is dropping hints about foreign policy difficulties if the current established government coalition should break up.

[Answer] The Conservative Party has taken note of all these indications. They have one common denominator: They are constructed on the basis of

short-term party tactics viewpoints. The fence of cooperation is set up with a one-sided determination and in a short-sighted manner.

A well-know person has maintained that the Communists, representing a fifth of the Finnish people, cannot be shut out. The same also applies, in my opinion, to a fourth of the Finnish people.

This presupposes cooperation among the parties. The Conservative Party should not sit around waiting for them to come to us. Interparty cooperation is always measurable in many ways. Is one's partner trustworthy? Which makes the better coalition partner: the party that has different goals but works toward trustworthy cooperation or the party that apparently shares the same views but cannot be trusted?

If we follow SDP-KEPU coexistence, what can be more obvious than these two parties' mistrust of one another? Yet it is constantly noised about that we should continue on this basis. The time is getting ripe.

[Question] Intimations as to foreign policy?

[Answer] Does anyone still take them seriously? During the past few years, the Conservative Party has perhaps been the most orthodox party of the lot in terms of all actions taken.

[Question] Will the nation split in two if the middle-class parties form a government in Finland and the socialists are in the opposition?

[Answer] A national schism is hard to imagine because no party — excluding the Communists — will consent to becoming a socialist party.

I feel that there is no reason for keeping big national parties on the sidelines.

Confrontations between parties have diminished. If a divisive fence is put up between the right and the left, we will be doing Finns a disservice. The Conservative Party has made it clear that it will not exclude any democratic party coalition.

[Question] Why is Finnish politics plagued by a lack of alternatives?

[Answer] There are any number of alternatives but the different parties are incapable of negotiating and compromising. I feel that the main reason is a party tactics view of things: They are forced to protect weakened positions by entrenching themselves in these ossified positions.

Then too, of course, we have to admit that the middle-class camp has been shattered, but I lay great odds on its becoming more stable in the future.

The only thing wrong with the KEPU is that it is such a conservative party. I hope that the KEPU will get on its feet. It would be a moderate and good, middle-class element.

[Question] The Conservative Party regards the SDP as its chief opponent, but the party has nonetheless scooped up the biggest number of supporters in its nets from KEPU waters.

[Answer] I would speak rather of chief competitors. It is easier to turn to one's neighbor than to someone a bit farther away. Neighborliness and border disputes are more natural than turning to the SDP.

[Question] How will the steady decline of the KEPU, racked by internal difficulties, affect Finnish politics?

[Answer] So far, it has had the effect of making the KEPU group itself into a porcupinelike defense configuration with its back to the Conservative Party.

[Question] In the present government, the KEPU has made use of its voice to speak for the middle-class majority in Parliament. How long will the Conservative Party authorize the KEPU to conduct itself in this fashion?

[Answer] The Conservative Party doesn't give anyone an open power of attorney to speak for its voters. The fact that some have tried to assume this power of attorney has produced a response from among the ranks of the supporters of the various parties.

[Question] Politicians are already making plans for the next presidential elections in 1984. Will the Conservative Party offer its own presidential candidate or does the party intend to support the new president right from the start next time?

[Answer] First, we will be running in the municipal elections, then the parliamentary elections and only after them will we get into the presidential elections. The Conservative Party has been choosing a modern president for the job and feels that it is important for us to guarantee him peace in the labor camp.

Those parties that are already preparing for the presidential elections should above all at this time take care of the more important things to be done.

[Question] And the Conservative Party's own candidate?

[Answer] The Conservative Party presidential candidate will be nominated at the June 1983 party convention. In Finland there is a steadfast middle-class majority. There would have to be a miracle for them to elect a leftist presidential candidate in 1984.

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PAPER WARNS OF RISK IF PARTY DENIED ROLE SHARE

Helsinki HELSINGIN SANOMAT in Finnish 29 Apr 80 p 2

[Editorial: "More and More Often Eyes Are Turned Toward the Conservative Party"]

[Text] Changes in political opinion trends in Finland are, as is well known and fortunately so, relatively few. The parties have generally — with the exception of a few passing protest movements — added to or lost their support in elections to the extent of no more than 2 or 3 percentage points. Nor do the results of the opinion poll taken at this time, between elections, point to any exception to this rule either: Even the biggest changes fall well within that range.

But, while the changes in party support that have just been observed do not as such constitute exceptions, they have aroused interest in some quarters because they are indicative of the direction and rate of change. More than to the others, this applies to the Conservative Party. During the past decade, its support has remained fairly constant, with the exception of the latest elections. Now, within a short time — 1 year — it appears to have increased its popularity by 2.5 percentage points, most of which was added after the December Gallup poll was taken.

The Social Democrats appear to have improved their position slightly, by half a percentage point. This figure is, however, almost 3 percentage points below the level established during the SDP's [Social Democratic Party] heyday 14 years ago. At that time, the party had been an opposition party for 10 years, just as the Conservative Party is now, one which received only 13.8 percent of the vote in the 1966 parliamentary elections.

Judging from the figures, the Conservative Party appears to have received its additional support from the Center Party (KEPU), the Christian League, the Rural Party and the Constitutional People's Party. On the other hand, additional support for the Social Democrats seems to be coming from districts which until now were held by Communist voter blocs.

It is not hard to guess what the commonest reasons for a switch in support are. Center Party losses, which have been continuous from election to

election, are associated with substantial changes in the organization of commerce and industry, nearly constant participation in government responsibility and the party's most difficult internal disputes, which give us cause to doubt whether the June party convention will produce the effort needed to gather its forces and settle issues, which is generally expected of party conventions.

The Social Democrats' slight additional support is statistically no more significant than the KEPU's loss. The direction of support for the SDP is, however, upward and that in itself is something in a situation in which government parties are not very popular.

In parliamentary systems, government-party defeats and opposition victories are normal occurrences. It is a regular occurrence that, some time after elections some voters — the party faithful — will get fed up with those who are governing them and soon want to try another alternative that has advertised itself to be better than the present one.

Parliamentary practice, which the election winners should raise to a level of responsibility for government by demonstrating their ability and answering for their reputations, at the moment chiefly serves to benefit an increase in support for the Conservative Party. If the situation continues in this vein, they system will become more and more badly distorted.

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RISE IN CONSERVATIVES' SUPPORT AIDED BY YOUTH

Helsinki UUSI SUOMI in Finnish 29 Apr 80 p 2

[Editorial: "Two Partners"]

The latest opinion poll indicates that people are extending more and more support to the two general parties, the Conservative Party and the Social Democrats. To be sure, the vote predictions indicated by the opinion poll should not be exaggerated, but they do convincingly point to the trend.

The growth of the two moderate alternatives beyond that of the other parties is an indication of our political system's coming of age. The change in the makeup of our society supports this development. The Conservative Party and the SDP [Social Democratic Party] serve as the main alternatives in the four-division political arena, with the Center Party and the SKDL [Finnish People's Democratic League] making up the other two.

The extreme left has lost credibility as a solver of our society's problems. And the extreme right does not arouse enthusiasm among the Finns to any greater degree, nor does opposition to Kekkonen provide political subsistence.

As a general party, the Conservative Party is leaving the middle-class splinter parties less and less elbow room. The superiority of the Conservative Party and the Center Party's support among the population is becoming more and more apparent. Their adoption of positions to the right or to the left of one another is more a matter of semantics than of any real gauging of political stances. After all, in this country true conservatives are typically center-leaning farmers.

Conservative Party growth cannot even be explained in terms of an unpopular administration. An ability to reform and the Center Party's dependence on farmers may explain the fact that, according to the opinion poll, the Conservative Party has attracted as much as a third of the younger segment of the population as supporters.

The Conservative Party and the Social Democrats are also, aside from the support they enjoy, very similar to one another. For matters of principle,

they fight hard, but practical cooperation, for example at commune level, works quite well. The middle-class parliament's furious rush to the left is probably classifiable in terms of principle.

The evolutionary trend also points toward a change in government arithmetic. We are probably not very far from a point where the major government parties will have to come up with new, trailbreaking decisions. The surest way to get the national coalition base to crumble is, of course, to let it stay on in the government. However, that is not indicative of any great political ability — rather of a lack of courage and imagination.

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CONSERVATIVE LEADER PREDICTS COALITION WITH SDP

Helsinki HELSINGIN SANOMAT in Finnish 28 Apr 80 p 10

[Text] In the opinion of Pentti Sillantaus, the chairman of the Conservative Party parliamentary delegation, the center-left coalition is coming to the end of its road. The main directions of thought during the next 10 years will come from the Conservative movement and social democracy, Sillantaus predicted at the middle-class parliament in Lahti Sunday.

"Since, in order to overcome domestic policy and economic difficulties, the national government has to be in a position to build itself a broad base, supported by two-thirds of Parliament, this means that both the SDP [Social Democratic Party] and the Conservative Party must also be part of that government," Sillantaus said.

Sillantaus also said that a politically broadly based government cannot be formed without the center and reminded us that the Conservative Party has also resolved to consider a possible government coalition with the SKDL [Finnish People's Democratic League].

Conservative Party Striving to Be Bigger

Topics and objectives having to do with the October communal elections were discussed during the Sunday second session of the middle-class parliament. The Conservative Party will enter the communal elections under the watchword: "The most important thing is people."

Party secretary Jussi Isotalo announced that the party regards the Social Democrats as its chief contender in the elections. In his opinion, beating the Social Democrats is of broader significance than the important strengthening of positions in communal politics per se.

Isotalo emphasized that the Conservative Party's aim is to become the leading middle-class party in the politics of the 1980's, one which will have a significant effect on decision-making at all levels of the society, while also bearing the responsibility for following through with the Paasikivi-Kekkonen policy line and for the successor in 1984.

Isotalo summed up the Conservative Party's communal election topics in terms of four demands: more pressure for individual opinions, the quality of our standard of living in the forefront, cooperation to benefit people and better services through a strong economy.

The Conservative Party feels that the individual's power of decision must be increased, the alternatives to choose from improved and a guardianlike bureaucracy rejected by decentralizing the power to make decisions, transferring the power to make economic decisions from the state to the communes and from the communes to still smaller units, among other things.

"National Referendum That Will Provide Information"

The Conservative Party's middle-class parliament issued a separate statement on its resolution concerning the strengthening of communal self-government, in which it demands that government functions be divided among the communes, among other things.

In the communes, these functions can further be divided among the communal subcouncils. The Conservative Party also demands that a national referendum be taken which will provide information to be used in dealing with questions pertaining to communal residents.

In the opinion of the party, an intermediate-hierarchy administration should be established without endangering the self-government of provincial self-governed communes. The Conservative Party feels that the highest provincial decision-making body should be chosen through direct elections.

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PARTIES READY CAMPAIGN PROGRAMS FOR FALL LOCAL ELECTIONS

Helsinki SUOMEN KUVALEHTI in Finnish 9 May 80 pp 34-37

[Article by Pekka Vaoristo: "In the Fall, Everything to Change; Big Parties Putting Affairs in Order; Time for Big Words Now in Progress"]

[Text] In the fall, the Finnish municipalities will be producing public servants. Bureaucracy will be eliminated and the arrogance of officials will come to a stop. The environment will become comfortably livable and stimulating. Housing will be cheaper. From squabbling with one another, we will switch to agreement.

Don't you think so? Read this.

Incidentally, the municipal elections will be held on 19-20 October 1980.

Residents of Finnish municipalities have been promised a lot of good things if only representatives of the four biggest parties get enough representatives for their municipal delegations. Such major agreement among these parties will determine which affairs are to be put in order.

On reading party municipal election programs, we can only wonder who, and with what authority, has handled municipal affairs up to now. Judging from everything that has been done, they have been organized on such a peculiar basis and so irresponsibly.

Let us, for example, take a look at several essential points.

People, Too, Live in Municipalities

Municipal authorities in office up to now have during all these years never once dreamed that people, too, live in municipalities. However, the big parties have suddenly realized this now that they have their eyes on the fall municipal elections.

"The most important thing is people," (KOK [Conservative Party]).

"Our concern is people," (SKDL [Finnish People's Democratic League]).
"The municipality in the service of people," (SDP [Social Democratic Party]).

The far-sightedness of the parties in this issue cannot be overemphasized. Alone the fact that they have managed to develop the idea so cleverly demonstrates this. Since people are so important, it is up to them to shape the society as though they were taking this factor into consideration.

Concerning this goal, which has been thoroughly disregarded by those currently in power, the different parties practically speaking conclude that:

"We must develop active communities," (KOK).

"We must set ourselves the ability to function as an objective in planning new societies. Villages for living in, cities that are more homelike! We must make the hinterland comfortable to live in," (KESKU [Center Party]).

The people of the cities and villages have the right to demand that their living quarters, place of work and the way they spend their leisure time form a sensible whole," (SKDL).

Poor Should Enjoy Living Conditions of Wealthy Too

Since the groups currently in power in our communities have not grasped these basic principles, the big parties naturally feel it necessary that they be more specific in informing people as to what is meant by "active communities" and how they can be achieved:

"The opportunity for residents of all municipalities — regardless of age — to participate in our common endeavors must be safeguarded," (KESKU).

"Stimulation of the surroundings one lives in and the quality of housing must be improved on. We must increase the coziness and the safety of the environment we live in," (KOK).

"A rich environment to live in and a secure society... for all community residents," (SDP).

Nor is this enough. The current municipal rulers have, of course, not even figured out that the members of the community should be gotten to do something about the situation just as they themselves should:

"The communities must support people's ability to act on their own, civic action and enriched human relations," (SDP).

"The ability to act on one's own is an important part of the enrichment of people's lives," (SKDL).

"The development by community members of a spontaneous immediate environment must be supported and backed," (KOK).

"Plans for the spontaneous development of the villages must be coupled with municipal decision-making," (KEPU).

It seems clear — to the extent that voters now favor the issue — that opportunities for community members to actively participate as well as more comfortable community living conditions will decisively change after the municipal elections. That is how much agreement there is on the matter.

From What We Hear There Is a Housing Shortage

The big parties have also gotten word from somewhere of what is held to be an important shortcoming, the fact that present-day authorities have been incapable of arranging for enough moderately-priced housing for people:

"Opportunities for members of the community to obtain their own housing must be increased," (KEPU).

"Housing must be moderately-priced and housing costs must be reduced," (KOK).

"A comfortable home presupposes a proper dwelling," (SDP).

"A large enough, properly furnished, useful and safe dwelling for each of us," (SKDL).

So, the housing problem may once and for all be settled by next fall.

International Children's Year Promises

Just as old people have, children have been denied the same opportunity given others and others need help since those now in power have been concerned only with making a lot of money and with tactical advantages for their parties. The big parties promise to correct this in the fall:

"Children are of the greatest importance," (SDP).

"What is best for children must come first. The opportunity to spend one's retirement in economic and social security," (KEPU).

"Particular attention must be paid to... the needs of children and young people as well as to their population groups which have slim chances of exerting any influence on their living conditions," (SKDL).

"We must pay particular attention to children, old people and disabled persons in creating a stimulating environment in which to live," (KOK).

Probably nothing having to do with this issue has been left unclarified.

Down With Arrogance With Help of Social Democrats

Instead of taking care of community and community members' affairs in accordance with the above-mentioned principles, the scoundrels in power up to now have gone and founded and created an extensive bureaucracy which in different ways interferes precisely with the handling of affairs in accordance with the above-mentioned principles. This problem will be eliminated by tossing out the bureaucracy once and for all immediately after the elections:

"The protection of community members' rights must be improved on by cutting down the bureaucracy and increasing the reporting of affairs even while they are in progress," (KOK)]

"The People's Democrats want to toss out the bureaucracy," (SKDL).

"Opportunities for effective action must be increased by weeding out municipal and municipal league administrative bureaucracies," (KEPU).

"The power of officialdom represents a danger to the power of the people," (SDP).

Particularly for those who have been subjected to arrogance and self-importance in administrative offices, it now pays to vote for the Social Democrats. They in fact promise to see to it that — apparently at once next fall — departing from the line followed by those in power before them, the number of "personnel who serve the citizen" and feel "a personal responsibility" toward customers be increased in administrative offices.

Clearing Up the Economy

The parties are also briefly tackling the question of the municipal economies, which during the reign of those now in power have often been sadly neglected:

"Better services through a vigorous economy," (KOK).

"More efforts on the part of the national and municipal governments to develop services and increase the number of jobs," (SDP).

"By expanding municipal services, we can create jobs," (SKDL).

If, moreover, the above-mentioned Conservative Party election slogan seems to be unclear, there is even more reason to read the following:

"In reforming the bases for the distribution of expenditures and income between state and municipality, we must examine the relationship between national and municipal taxation from the standpoint of productive services."

Hopefully, this has cleared up the matter.

Miscellaneous Promises

These are by no means the only areas in which the measures or lack of same adopted by those now in power have led us astray.

All the big parties are demanding protection for municipal self-government, which seems to indicate that either the currently ruling municipal cliques are letting control slip through their fingers or those groups that retain national power are threatening it.

Furthermore, some of the parties strongly emphasize development of provincial self-government, which is naturally a central issue in the administration of municipal affairs and consequently also in the municipal elections.

The parties have also heard from somewhere that there will certainly be a shortage of energy from abroad. Thus they have joined one another in demanding more sensible use of energy. It is clear that, after the fall elections, the municipalities will have no choice but to shift to domestic energy sources.

If enough Social Democrats are, for example, elected to the Rantsila or Kiikoinen municipal councils, such actions will prove to be promising in terms of peace and detente in the domain of foreign policy. The SKDL candidates, too, are promising in terms of the same.

The Conservative Party has explained how municipal affairs should generally be handled. In the opinion of the Conservative Party, solutions to problems will be found "by adjusting to and respecting the views of others," to which exceptional practice those municipalities in which the Conservative Party wins in the elections will switch, apparently in the fall.

Alternative Parties

So the four big parties have long followed the same policy lines and, because election predictions lead us to believe that it is precisely they who will gain the largest number of representatives in the municipal councils, rapid reforms of all issues are known to be in progress. Let us, however, not forget the other parties, from whose programs we extract several examples, merely as a sample:

"Needless prohibitions must be eliminated from municipal organizational regulations," (LKP [Liberal Party]).

"A comfortable feeling in one's home district means less migration," (RKP [Swedish People's Party]).

"The PKP [Constitutional People's Party] hopes for the preservation of favorable development of our population policy," (PKP, draft of election program).

"Municipal family dwellings should not be rented to unmarried couples," (SKDL).

"Everyone must have the opportunity to eat properly and in a healthy manner. Butter must always be available," (SKP [Finnish Rural Party], special community-policy program).

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POLL SHOWS GAIN FOR CONSERVATIVES, LOSS FOR SOCIALISTS

Helsinki HELSINGIN SANOMAT in Finnish 27 Apr 80 p 3

[Text] Lahti (HS)—The Social Democrats' position as the country's biggest party is threatened since, according to the latest opinion poll, the Conservative Party has increased the number of its supporters to just about the same as that of the Social Democrats.

According to a poll the Conservative Party had taken by the M-Information center, support for the party in February-March came to 24.2 percent, while support for the Social Democrats came to only two-tenths of a point more, or 24.4 percent. Support for the Conservative Party had risen by 2.5 percentage points during the last parliamentary elections and by 0.5 for the Social Democrats.

According to chairman Ilkka Suominen, the opinion poll findings released Saturday in Lahti at the Conservative Party's party-held middle-class parliament indicate that the contest for the position of biggest party in the country is right now even.

Suominen, who was elected chairman of the Conservative Party last June, at that time set his party's goal to be to raise itself to become the biggest in the country: "At the next communal elections, the goal we have set ourselves will be within reach of our hands."

Party Support

	Parliamentary Elections March 1979	HS-Gallup Poll March-December 1979	M-Information Center Poll March 1980	Change Since Parliamentary Elections
SDP[1]	23.9	24.7	24.4	+0.5
SKDL[2]	17.9	18	17.2	-0.7
STP[3]	0.1	—	—	-0.1
KOK[4]	21.7	22.7	24.2	+2.5
KEPU[5]	17.3	16.9	16.8	-0.5
SKL[6]	4.8	4.8	4.3	-0.5
SMP[7]	4.6	4.5	3.9	-0.7

RKP[8]	4.5	4.3	4.8	+0.3
LKP[9]	3.7	3	3.8	+0.1
PKP[10]	1.2	0.9	0.3	-0.9
SKYP[11]	0.3	0.2	0.3	—
Socialist parties: totals	41.9	42.7	41.6	-0.3
Nonsocialist parties: totals	58.1	57.3	58.4	+0.3

1. Social Democratic Party
2. Finnish People's Democratic League
3. Finnish Workers Party
4. Conservative Party
5. Center Party
6. Finnish Christian League
7. Finnish Rural Party
8. Swedish People's Party
9. Liberal Party
10. Constitutional People's Party
11. Finnish People's Unity Party

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CENTER-LEFT COALITION RULE SINCE 1966 IN TROUBLE

Helsinki HELSINGIN SANOMAT in Finnish 27 Apr 80 p 17

[Text] The Finnish national coalition is breathing its last breath. It has become a shotgun marriage between the center and the left. A government run by civil servants who deal with practical economic policy without any great aspirations.

Left and center cooperation in the government today keeps their party leaders busier than ever. And what gives further grounds for pessimistic thoughts is the fact that the Mauno Koivisto government is floundering in a credibility crisis in the likes of which many a cabinet would already have fallen.

The government will soon have gotten through a year without accomplishing anything other than the drawing-up of government income and expenditures estimates. Discussions are uselessly spent in arguing over what the significance of the slip of paper on foreign exchange rates hidden in the prime minister's safe was.

Nor is any more progress being made on the fishbait law than on the family name law. Coming up on the agenda are the budget report and national pension reform, on both of which the government parties differ.

The internal situation of the center-left national coalition, which has been in power almost continuously since 1966, is not an envious one. Support for the left has become established at a little over 40 percent.

The Communists are engaged in endless internal strife and the Social Democrats are standing around with their fingers in their mouths because things have not gone according to the plan of the party's strategy set up during the growth years of the early 1970's. In those days, support for the SDP [Social Democratic Party] exceeded the 30-percent mark in opinion polls instead of the 24 to 25 percent of today.

The conversion of a rural society into one that renders services has turned the Center Party (KEPU) into a party whose sun is setting, one that expends its energy on chairmanship struggles that have been going on for years.

The fading of the KEPU has added to the decline of the Liberals into a party with four parliamentary representatives and the RKP's [Swedish People's Party] gradual, but steadily downward moving support curve.

When the KEPU was in power in 1962, it had 80 representatives in Parliament, or well over a third of the determining minority. Now all the KEPU has left is 36, the RKP 10 and the Liberals 4 representatives, or all together 50 representatives for the coalition.

At the same time, the Conservative Party has swelled its ranks to a 47-representative party and is already hotly breathing down the necks of the traditional KEPU and the Social Democrats.

Radical Movement Struck Back

When a left-center coalition government was again formed in 1966, it was viewed by the left with optimism. "For the first time in 18 years, the representatives of the nation's working classes from the country and the cities" sat together in the same government and there was a left majority in Parliament.

The tumultuous social chang in areas that had supported the KEPU, the population shift from the countryside, the parceling of fields and radicalism in the Finnish Broadcasting Corporation quickly struck back.

The Conservative Party got its usual 37 seats in Parliament in the 1970 elections and Veikko Vennamo's SMP [Finnish Rural Party] all together 18. Parliament again turned into a middle class body.

The fact that the nation's economy had been set to rights and people were better off than before did not have much effect on the elections. Major unemployment did not arise since emigration from Finland to Sweden swallowed up the surplus labor force.

The victory of the right also provided impetus for the 1968 presidential election during which the right, in opposing Urho Kekkonen, garnered a considerable number of votes from opponents of Kekkonen. Despite its election defeat, the national coalition gained in vitality because the Conservative Party was no more capable of governing in the eyes of the president's party than in those of the other parties.

The failing national coalition got on its feet again when Kekkonen made a trip to the Soviet Union to extend the friendship, cooperation and aid agreement for 20 years.

The Communists had already left the government by spring 1971, after which the Social Democrats and the KEPU went on governing together. The SKP [Finnish Communist Party] majority faction viewed opposition as unproductive 4 years later.

The Communists returned to the government when Kekkonen set up his friend, Martti Miettunen (KEPU), in the so-called emergency situation government in November 1975.

The Miettunen government quickly achieved its goal since the Social Democrats realized that they were left caught between two fires. The prime minister granted the Communists immunities and that is how the government acquired a KEPU-Communist image.

When the Social Democrats brought down the government, Miettunen got a KEPU minority government to assume the rein: one that was followed 6 months later by a KEPU-left government headed by Kalevi Sorsa.

Sorsa's second administration was internally sound. There were enough strong men in it who were capable of reaching agreement on matters and carrying out decisions.

After many years of recession, the economic situation took a turn for the better. The national economy recovered when the government improved the ability of businesses to compete, forced the labor-union movement to subordinate its demands to its recovery policy and reduced the tax burden.

Prime Minister Sorsa, Agriculture Minister Johannes Virolainen (KEPU) and Labor Minister Arvo Aalto (SKP) formed a triumvirate and it was not for no reason at all that Veikko Vennamo christened the Council of State the Sorsa-Virolainen-Aalto government.

Although the government succeeded in its economic policy, national coalition strength began to wane. Social reform came to a stop and pressure from the right increased from election to election.

The KEPU delivered the death blow to the government regulation reform the left had pursued when the right set about frightening KEPU supporters with the specter of socialism.

Squash Wins Out Over Red Flags

The spring 1979 parliamentary elections constituted a new turning point in the country's political evolution. During those elections, the Conservative Party overtook the KEPU by raising itself to the position of a great middle-class party whose strength was before long to be seen in the government too.

The assumption that the Conservative Party was on the rise created a society, born during a center-left coalition period, in which things were going so well for people that squash sessions often won out over revolution and red flags of change.

The majority government's performance was, time after time, more painful than before. The only thing the left managed to hang onto was that the Conservative Party was not fit to serve in the same government.

After the spring 1979 elections the Conservative Party's Harri Holkeri reported on the government's situation and very quickly revealed that the middle class would not produce a majority government. According to the SMP and the Christian League, the Conservative Party and the KEPU did not care about those who were "immature in terms of foreign policy."

After Holkeri's report, it took weeks before the center-left government was formed. Sorsa began to see to his party and the great white hope of the nation, Dr Mauno Koivisto, switched over from the Bank of Finland to the State Council building.

But government deliberations had already indicated that there were more obstacles in Koivisto's path than in those of his predecessors. The Conservative Party's increased strength forced the KEPU to change to a delicate attitude involving extreme caution with regard to all reforms.

The new prime minister had an inkling of this at the time the government was formed when, paying his respects at Tamminiemi, he said that he was with interest waiting to see how the government's internal relations would develop.

Fear of Change Gnaws Away at Support

For example, the change in the family name law is clearly too much for the present-day KEPU because the conservative districts in that party as well as in the Christian League use that as an excuse to accuse supporters of the family name law of pushing "Marxist reforms."

The same applies to changes and adjustments in connection with property rights. The KEPU lives in hysterical fear of Conservative Party propaganda.

The KEPU's right wing is open and the Conservative Party is feeding it allegations that the KEPU, which governs the country with the left, is giving in to the hairy paw of socialism which is wrenching away at the doorhandle of the little red cabin.

Under the present circumstances, it is hardly imaginable that a sort of national reform package would be passed. Many a bill of lesser importance has been turned down in this government.

It is precisely this that is gnawing away at support for the national coalition more effectively than Conservative Party growth or the coalition's say-nothing politics.

The Koivisto government is regarded as a natural continuation of the national coalition period: The KEPU has a majority in the government since there is a nonsocialist majority in Parliament.

Since the KEPU's room for maneuvering has been narrowed and it has itself consciously narrowed it, its room for maneuvering in the government is also reduced. More and more often the government comes up against issues on which the government majority says that it cannot give ground.

The center parties have also sharpened their politics. The Sorsa-Virolainen team still agreed on matters in principle during the previous administration: "You take that and I'll take this." They do not do so anymore.

The left has had a taste of the KEPU's hard line in connection with the postponement of revaluation and its currency line. The gravel law and the fishbait law, about which it seems nothing will be done, have been raised to almost as big a prestige issue. As the Social Democrats have approached the KEPU line on the gravel law, it has become tighter.

The leader of the Social Democrats says that, while they do not approve of the KEPU's tactics, its attempts to straighten out the spiral of declining relations are understandable.

The national coalition's internal weakening and growing pressure from the right have also contributed a new term to the political vocabulary: a low profile.

The low profile being marketed by Prime Minister Koivisto is the Social Democrats' defense strategy. In the government, they are not doing this to achieve something, rather to lose everything.

The Communists are hanging around in the government to keep the national coalition's shaking wings standing. It is enough for them to keep the Conservative Party out of the government and for Labor Minister Aalto to be able to fill vacant posts in the Labor Ministry with Communists as he pleases.

The KEPU, nevertheless, constitutes the majority in the government. The KEPU has managed to push its objectives through in the government. The forest tax has been considerably reduced and, following a dispute, the recent farm policy decision was reached at a high level.

The government's fourth party, the RKP, goes along with the KEPU and tries to amicably settle the worst disputes between the Social Democrats and the KEPU. The RKP's government policy can otherwise be described with the old saying: "the same, in Swedish."

All signs point strongly to the fact that the national coalition's path — this time round — is beginning to come to an end. Pressure from the right has gradually eliminated the ideological fervor of the early years from its cooperation with others and the opposition in Parliament has reached an important landmark. It represents a third of the determining minority.

Center-left coalition problems have heightened during the Koivisto administration in which the main topic of conversation is whether the government parties can trust one another. Ordinarily, a crumbling of internal trust very rapidly leads to the fall of the government.

At least, that is the way it has often been before. Cooperation has failed through starting up again with somewhat the same coalition.

Kekkonen Losing His Grip

The center-left axle greaser has always gotten what he needed when he asked for it at Tamminiemi. President Kekkonen has been a fervent supporter of cooperation.

The president has often more or less publicly forced the sulish KEPU to form a government with the left so that the country would have a majority government. So far, the president has succeeded, too.

But next fall Kekkonen will be 80 years old and his grip on domestic politics is no longer as alert and consistent as it was in the past.

One issue has, however, come before the others: foreign policy. By appealing to that, more than one majority government has been formed. The president has occasionally used important state visits as an excuse to get a majority government formed.

The lack of alternatives is the major force that keeps the national coalition together. Since the left will not join the same government the Conservative Party is in, the only basis for a majority government is a center-left coalition.

The lack of alternatives will also be the major reason if the Koivisto government finds the strength to rise to the occasion to control and combat inflation with positive efforts.

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FIRM TO BUILD FIVE RESEARCH SHIPS FOR USSR

Helsinki HELSINGIN SANOMAT in Finnish 10 May 80 p 41

[Article: "Finland to Supply Soviet Union With 250 Million Marks Worth of Ships; New Fields sought to Equalize Trade"]

[Text] Laivateollisuus Oy is to supply the Soviet Union with five research ships at a total cost of 250 million marks. The agreement was concluded Friday in Helsinki at the close of the 14th joint meeting of the Finnish-Soviet Economic Commission's machinery and equipment group.

The ships were ordered by the Soviet agency, V/O SUDOIMPORT [expansion unknown]. The ships, designed for hydrometeorological research, were developed at Laivateollisuus Oy's Turku shipyard. They belong to the same series as the sea-charting and research ships, of which so far 19 all told have been turned over to the Soviets, which that shipyard had earlier delivered to the Soviet Union.

The ships are designed for scientific research projects, specifically those involving hydrology, meteorology and surveillance over environmental pollution. The ships are equipped with up-to-date resear h facilities for the conduct of research on the interaction between ocean and atmosphere.

The ships are 71.6 meters long and 12.6 meters wide with a displacement of 2,000 tons. Each ship's crew and scientific research staff together come to 66 people. The Finnish firm, Vaisala Oy, will be providing the ships with automatic weather observation stations, radiosonde stations and equipment for launching weather observation balloons as well as receiving equipment for information sent by weather satellites.

For the handling of research data, the ships will be equipped with Soviet-made computer equipment. The necessary programming will be done jointly by Soviet and Finnish scientists and experts.

The shipyard's backlog of orders and the five research ships that have now been ordered will keep it busy until summer 1982.

Laivateollisuus Oy and V/O SUDIMPORT also at the same time concluded another agreement according to which the Soviet Union is to supply special devices and other equipment for the ships that have been ordered. This order is worth about 25 million marks.

Delivery of the research ships is to begin in 1982. According to Deputy Foreign Trade Minister N.N. Smelyakov, who headed the Soviet negotiators at the joint meeting, each country will have plenty of time to get the ships ready since delivery is scheduled to begin in 2 years time.

Trade Deficit to Be Corrected With Goods

The trade imbalance between Finland and the Soviet Union, which was caused by increases in oil prices, is already moving in the direction of equalization, according to Smelyakov. During the information session held after the joint meeting, Smelyakov assured us that the Soviet Union has no intention of demanding that Finland pay for the deficit with foreign exchange. Instead, the imbalance will be handled with shipments of goods.

The chairman of the Finnish delegation, "mining counselor" [honorary title] Helge Haavisto, on that occasion said that they are right now looking for new fields of cooperation in trade with other countries. Finland has opportunities to develop trade as well as particularly productive cooperation, which occupied a central position on the agenda at the close of the joint meeting.

According to Haavisto, in the near future new fields of cooperation may involve research on the Soviet continental shelf in the Arctic Ocean, the electronics industry and nuclear-powered icebreakers, among others.

Icebreaker Cooperation Program

Finland and the Soviet Union will officially jointly participate in a long-term cooperation program for the construction of nuclear icebreakers which will last until 1990.

Chairman of the Finnish study group, mining counselor Haavisto, said that continental shelf cooperation is an entirely new and very broad field. This kind of cooperation covers the construction and development of ships and oil exploration and production as much as it does the development of special materials for research on and the exploitation of the continental shelf.

Still Negotiating on Electric Locomotives

New electric locomotives to be supplied to Finland were discussed at the joint meeting. The VR [State Railways] and Stromberg are negotiating on behalf of Finland over the SH-1 series locomotives offered by the Soviet supplier, V/O ENERGOMASHEXPORT [expansion unknown].

So far, the Soviet Union has supplied Finland with 87 electric locomotives, for which about one-fifth of the labor involved was Finnish. The Soviet Union also has an improved model of the SR-1 series locomotive, the sale of which to Finland is being negotiated.

Last year, Finnish machinery and equipment imports from the Soviet Union exceeded the 100-million-ruble mark. By the end of the 1980's, it is estimated that they may increase to about 200 million rubles.

At the end of April, Finland and the Soviet Union concluded an approximately 3-billion-mark overall package agreement on additional exports and trade equalization. This year, the volume of trade between Finland and the Soviet Union will rise to over 20 billion marks. New hikes in the price of oil could raise that figure to an even higher one.

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NEW IDEOLOGICAL REALINEMENTS ON POLITICAL LEFT

Mitterrand-Carrillo Meeting

Paris LE FIGARO in French 17-18 May 80 p 4

[Article by Edmond Bergheaud: "Exploring the Pathways to the Euroleft"]

[Text] Francois Mitterrand has been affirming his intent to explore the means likely to induce socialists and communists in certain European countries to promote the "Euroleft." In Strasbourg on 23 March last, he met with Enrico Berlinguer, secretary general of the PCI, with whom he discovered he had "broad areas of agreement." In Madrid yesterday he talked to the top man in the PCE, Santiago Carillo.

To be sure, on some individual problems, the Italians and Spaniards object to the political lead that Moscow intends to keep giving to all Communist Parties. This is what separates them profoundly from George Marchais and the Stalinist dinosaurs of the PCF who aline themselves resolutely with the Soviet movement, whether by approving the military invasion of Afghanistan, or denouncing the placement of American rockets in Europe--although they do refrain from casting a similar blame against the strengthening of USSR nuclear potential in that same Europe.

George Marchais had expressed some acrimony after the 24 March Mitterrand-Berlinguer talks in Strasbourg, feeling "it was neither the right place nor the right time." And he also stated: "Francois Mitterrand went to Enrico Berlinguer seeking some guarantees for his policy of coalition with the Right." Actually, relations between the French, Italian and Spanish "kindred parties" clearly have never been among the most cordial, and even less so since the breakdown of the Leftist Union, as Italian and Spanish leaders felt that Georges Marchais had made an "unforgivable mistake."

Such reproofs from the secretary general of the PCF are being belittled by Francois Mitterrand, in his attitude as well as in his statements because, by multiplying contacts with a portion of the Southern European Communist parties, as well, in fact, as with the Socialist parties, the first secretary certainly intends to counterbalance once again the pressure exerted by the powerful German Social-Democracy upon the European Left.

He does, however, also intend to demonstrate that, in countries such as France, Spain or Italy, the Left must enter into agreements with the communists if it wishes to achieve power. That strategy obviously condemns Georges Marchais, [as he remains] holed up in his ideological ghetto and alined with Moscow.

By forming a coalition with the socialists, the Italian, as well as the Spanish, communists hope to increase their impact on their respective countries, and take on the stance of governmental men.

To be sure, what is involved here is not an ideological understanding between such staunch Marxists as Enrico Berlinguer and Santiago Carrillo, and French socialists who, for the most part, are not Marxists. The problem consists in clarifying joint attitudes regarding a certain number of problems: preventing a return to the cold war, defending the peace and reshaping a Europe that would do a better job of considering the deep-seated demands of the people.

In short, the Socialist and Communist parties from one part of Europe intend to show that there is a fresh, national and democratic pathway to socialism. In brief, the issue is clearing that "third pathway" by challenging both Eastern-type socialism and capitalism as represented by the United States.

Indeed, that concept is what, in Moscow's view, fundamentally separates the PCF and French Socialist Party, on one hand, and the PCI and PCE, on the other hand, because that pathway is categorically disavowed by the Soviets and, taking their cue, by Georges Marchais and Alvaro Cunhal, secretary general of the Portuguese Communist Party.

Francois Mitterrand, however, must navigate cautiously because he can't ignore the Italian and Spanish socialists. And the latter express many reservations concerning their communist "partners."

To sum up, at the present time, the matter at hand is the compilation of a list of objectives. It certainly will not be easy to translate them into facts.

PCF, Eurocommunism, Pro-Sovietism

Paris LE FIGARO in French 6 May 80 p 6

[Article by Edmond Bergheaud: "Marchais Rows Against the Current"]

[Text] When it broke up the Leftist Union, the Communist Party was gambling. Having voluntarily cut itself off from the socialists, who decidedly bear the permanent stigma of social-democracy, the PCF intended to assert itself as the only force with an authentic leftist claim, embodying the profound aspirations "of the laboring classes and working masses." In short, the Socialist Party would be banished for its sins since, in its "swing to the Right," it had remained loyal to its deep-seated calling, reformism.

That gamble was lost and, worse, it backfired. Not only did the Socialist Party stand fast when deluged with accusations, but, within the Left, it has not ceased to assert itself, to the detriment of the PCF. The PCF has found out--and still is finding out--the penalty for its attitude: whether in district elections or in partial municipal elections, it has not stopped losing votes. And when it is time for a second ballot, the socialists, however magnanimous, will not turn over their votes to a communist who has been harassing them constantly. Some of the gains scored by the majority may be explained through those wrong vote transfers within the Left.

As a result, this series of failures has led PCF militants to do some soul-searching. To be sure, the "grass roots" are more unity-prone than Georges Marchais and his staff, because those in the field did not notice Francois Mitterrand's "swing to the Right." Consequently militancy is declining and new memberships, while loudly acclaimed, do not make up for dropouts, and many intellectuals do not accept an airtight party whose gates are being watched by Georges Marchais' zealous followers.

Furthermore, the total alinement with Soviet foreign policy and justification of the invasion of Afghanistan have contributed to the confusion noted in a great many cells, because the militants who joined the PCF in recent years did not cut their teeth of Stalinism, a doctrine whose imprint the party still bears, in spite of the protests and widely advertised disavowals. When Georges Marchais shifts from the temptation of Eurocommunism to the most complete allegiance to Brezhnev's dictates, that represents an about-face which disorients the "grass roots," even if the secretary general is inundated with messages of support. The value of such messages is only relative since, for the most part, they originate from cell and federation secretaries.

To these two failures: dire results of the breakup of the Leftist Union, and impossibility of obtaining wide approval of the Soviet occupation of Afghanistan, we must add a third, the failure, involving Georges Marchais personally, of the conference held last week in Paris by the European Communist parties. This is because the meeting was attended only by parties that make a career out of continuously singing the praises of the USSR. Had the Italians, Spaniards and Yugoslavs attended, it would possibly have lent the meeting a certain appearance of freedom with regard to Moscow. However, the "rebels" of European communism stayed away.

Georges Marchais remained strangely silent at the conference--although he had been its instigator, together with the Poles. To be sure, in the name of European peace, the conference made an appeal to "communists, socialists, social-democrats, Christians and believers of other faiths," which was a line directly inspired by Moscow, as was pointed out by Boris Ponomarev, head of the Soviet delegation to the Paris meeting. The PCF finds itself caught in an awkward position, having vehemently condemned Eurocommunism and deplored the meeting between Mitterrand and Berlinguer, secretary of the Italian Communist Party.

On the whole, since the March 1978 legislative elections, the PCF, and more particularly Georges Marchais, have been facing a series of disappointments. The fact that the communists have withdrawn into their own corner while freely dispensing their invectives will not profit them in the least. They have cut themselves off from public opinion, although they claim to represent it. The PCF's secretary general may declare that his party has always been in favor of "the [words missing]," but the PCF's daily actions contradict that assertion. In any case, the majority of Frenchmen are not fooled. They do not mind recognizing Georges Marchais as a remarkable television star, but they do not judge him the same way as a politician. If the PCF's secretary general is a candidate in the 1981 presidential elections, his record is in danger of being adversely affected by all this. Of course, it is a fact that, in the name of democratic centralism, party policy is decided by a handful of men entirely devoted to the "boss."

That very policy, with its "wholly negative" balance sheet, may one day be drastically reconsidered. Georges Marchais is, of course, used to making sharp turns as well as taking liberties with history. However, since he assumed the post of secretary general, "his" is the policy that has been followed, as he has eliminated all and any dissenters such as Roland Leroy. That very policy may be up for reexamination, and the PCF is seldom kind to losers.

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CSO: 3100

NORTHERN BASQUES FORM BASQUE BRANCH OF CFDT

San Sebastian EGIN in Spanish 13 May 80 p 11

[Text] Bayonne--Last Saturday the first constituent congress of the Basque country federation of the CFDT [French Democratic Confederation of Labor] was held in Anglet. Until that time the trade union was organized at the level of the Atlantic Pyrenees Department and included Basques and natives of Bearn, facing problems specific to each of them.

Tourism, cooperatives, protection of the Basque culture, refugees, the armed struggle, and so on were topics discussed by the 200 delegates who attended this CFDT congress, many of whom--especially those from the interior--are Basque patriots.

One of the reasons for the creation of this Basque federation is to unionize this area characterized by small firms where the trade union movement is nearly nonexistent.

The bylaws of the new organization consider that "the Ikastolas [Basque nationalist schools that teach in the Basque language] represent the only challenge to the cultural genocide perpetrated by the French Government." In this respect it seeks the establishment of genuine bilingualism in public education.

Regarding the subject of violence the federation considers that the first type of violence that must be taken into account is violence by government. "The armed struggle as violent expression of the oppressed is a form of argument which does not enter into the form of mass struggle adopted by a union," they stated. However, "the CFDT will defend the gudaris [Basque fighters] who are victims of political repression."

Representatives of the ELA-STV [Solidarity of Basque Workers] and the UGT [General Union of Workers--Spain] attended the congress. Finally, the representatives of the CFDT declared that one of their goals was to maintain contacts with all the trade union organizations operating in the southern Basque country [Spain] in order to prepare for the expansion of the European Common Market.

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CSO: 3110

COMPARISON OF CHIRAC, BARRE ECONOMIC PLANS

Paris LE MONDE in French 20 May 80 p 26

/Article by Andre Fourcans, professor of economy and finance at the Advanced School for Economic and Commercial Sciences and conference leader at the Institute of Political Studies of Paris: "A New Policy for France"/

/Text/ A short time ago, Jacques Chirac submitted a clearly spelled-out economic plan to public opinion, which he presented as an alternative to the government's economic policy. The question is too important not to merit a calm, "nonpolitical" evaluation. In truth, what about the "Chirac plan"? How does it differ from the Barre plan, and in what way is it the same?

First, it is clear that Jacques Chirac reaffirms his fundamental agreement with the basic principles of the current government. He unhesitatingly supports a decentralized economy in which the responsibility of representatives takes precedence. Like the government, he perceives the limits reached by the mechanisms of redistribution and believes the time has come to improve them. Precisely like Raymond Barre, he considers that national solidarity demands the maintenance of the state's financial priorities in favor of those hardest hit. Naturally, he recognizes the need to reestablish major balances, to combat unemployment and assure a resumption of investments. He wholly accepts the liberalization of prices and wishes to go even further on the subject of raising public tariffs. He insists on the need for effective controls on public spending, vigorous exporting and alleviation of foreign constraint. It is obvious that there is no substantial disagreement on the major objectives of the government's economic and social policy. Where, then, do the paths taken by Jacques Chirac and Raymond Barre lead in different directions?

Especially on the subject of certain means to be used to achieve those objectives. The prime minister believes that one of the essential trump cards needed to assure a strong and lasting resumption of investments and, consequently, growth and employment is to reestablish the financial condition of business. Two ways to do this: free prices and control wage adjustments. In the former prime minister's opinion, companies should be given direct assistance for investment purposes through drastic tax measures.

Although one cannot deny the importance and definite interest of tax measures to stimulate investments, it must be seen that these measures, if not pursued for several years, that is, if they do not become permanent, can have only a passing effect. They incite companies to anticipate their equipment plans but not to modify them to any lasting extent. If it were necessary, the 1975 recovery plan would offer sufficient proof. Thus, the tax measures proposed by Jacques Chirac would very probably provide a stimulus for investments; but that stimulus could only be temporary. Moreover, we must consider the consequences of the financing of these aids. In particular, one can only have serious reservations about interest rebates as suggested by the mayor of Paris. They would signify an intensification of credit selectivity which creates enormous discrepancies in the area of monetary control and in the fight against inflation. It is better then to follow the path, certainly not very enthusiastically received by public opinion, undoubtedly less rapid in its action but deeper and more lasting, chosen by Raymond Barre, to assure a strong resumption of investment. However, provided, we shall come back to this point, that we act more effectively against inflation.

But it is in the area of the fight against unemployment that Jacques Chirac is trying to differ most widely from current policy. In his opinion, without "new growth" unemployment cannot be reabsorbed. What is the content of this "new growth"? First, and we have seen what we must think of this, a growth based on substantial aids to investment. Next, a growth based on measures inspired by the policy of the creation of new jobs pursued by the United States during the past few years. On this point, it is difficult to follow the head of the RPR [Rally for the Republic]. For the comparison is far from being good. Jobs were not created in a very wholesome manner in the United States. They consist first in hiring people in administration and in the tertiary nonmarket sector, hirings which undoubtedly have an important role to play in explaining the significant drop in American productivity with all its consequences. Then too, it must be recognized that the drop in unemployment observed across the Atlantic for the past 2 or 3 years is only temporary, for the result is a Keynesian relaunching of activity for which the Americans are beginning to pay a high price both in inflation and unemployment. And it is unfortunately not finished for them, for the situation, at least in the matter of unemployment, can only get worse. If to all that we add a colossal foreign debt, we do not have reason to consider the American economic policy a paragon of virtue!

To be fair, it must be said that Jacques Chirac is totally aware of the foreign problem to which his policy would give rise. Thus, he proposes measures to deal with that problem. First, to increase our exports through various structural aids, particularly through the creation of export companies for the PME-PMI [Small and Medium-Size Businesses]-[Small and Medium-Size Industries]. Although a priori one can only look favorably upon any structural measure which would rationalize industrial processes and develop information, it would be totally illusory to expect miracles from such a

measure. Our exports are already increasing at a very respectable rate (more rapidly than that of world trade) and we do not see how, in a few months, we could add some 30 billion francs to those exports (or more than 7 percent of the current trade balance). But there is something more troubling in the RPR head's proposals. He suggests a return to a certain protectionism whose costs for both the consumer and the community are well known. Agreed, at least to a certain degree, to "reconquer the domestic market," but not in an artificial way, at a cost of special protection and advantages granted to certain groups. A true conquest of the domestic market should proceed via a greater degree of competition and greater efficiency by our companies. Encouraging results have already been obtained in this regard. But they are undoubtedly not enough; and especially, the effort must be continuous, if we do not want to see favorable conditions rapidly reversed. One method is suggested for this purpose: to open the door more and more to international competition and not the reverse.

No, that is not the solution to unemployment. Nor, consequently, to the problem of social security which, according to the mayor of Paris, should solve itself when, unemployment rapidly decreasing, the supplementary receipt of social security assessments should be sufficient to offset the deficit. "In these circumstances, there would be no reason to curb social security expenditures," Jacques Chirac tells us. There we have an assertion which is difficult to accept. We know that at the growth rate of the last few years the nation's social security expenditures would absorb more than three-fourths of the national income toward the year 2000. This would obviously be absurd, and the system would explode long before.

However, it is on the subject of the fight against inflation that the former prime minister's proposals are the least viable. For this purpose, he seems to rely almost entirely on control of European currencies. If well conducted, such a control might prove useful in assuring greater stability in exchanges. Moreover, the governors of central banks are concerned about that aspect. But such an action is extremely difficult to carry out. In any case, it would be illusory to think that we have here a primary source for a soaring of prices. Or else, we should have to explain, among many other things, why Germany, which as a general rule has had a much greater influx of foreign currency than France, has always had a decisively lower inflation rate.

In the last analysis, the fight against inflation must pass via control of domestic currency issuance. And in this respect, the role of European currencies is relatively secondary, if not nonexistent. It remains that, in proposing a revision of the procedures of monetary control to get out of the credit bind, Jacques Chirac is entirely on the right path. But it must be acknowledged that such a change in strategy requires long-term structural measures which can only be put into effect gradually. However, the problem of soaring prices is too urgent to be handled only in this manner. It would be better for the moment to employ a method of control of the currency which

is undoubtedly archaic and costly (bracketing) but which might rapidly prove to be effective, if properly used. This is not to say that we should neglect gradually implementing structural reforms essential to our getting out of the monetary bind. Although, as a result of the Mayoux report, the government seems to be pursuing that course of action, one might still wonder if it is not doing so a little too discreetly. In any case, the most urgent task is indeed to control monetary issuance. And in a stricter manner, which has not been the case up to now.

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COMMUNIST PARTY INTERIOR STATUS ANALYZED

Athens ANDI in Greek 25 May 80 pp 21, 22, 23

/Article by Stavros Karas: "The Prospects of a Dialogue"/

/Text/ The article by Khr. Kyriazis with the characteristic title, "The Renewal of Reassessments," offers unquestionable "inducements" for a broader dialogue regarding the prospects of the KKE-Interior and more generally the renewal of the Greek Communist movement. I believe that such an "inducement" is offered, above all, by the closing paragraph of the article which says: "The forces of the 'Renovating Left' must begin with their own crisis. If they learn how to cope with it, it may prove to be their salvation, and not only their survival. If they come to understand its political meaning they may be able to play the role of social poles for the unification and fighting presence of the available popular forces beyond the electoral survival of certain party structures." Indeed, what KKE-Interior--and also the wider forces of the so-called "renovating left"--need above all else is to be able to draw the proper conclusions from the situation in which they find themselves. Probably there is nothing worse at this moment, nothing more destructive than to avoid this duty and to replace it with ostensibly perfect--and always arbitrary--prescriptions for "new standard-bearers" or with the monotonous repetition of "renovating" and "super-renovating" slogans which in reality fall into a vacuum since the popular masses have now learned to distrust the verbal declarations when such declarations are indelibly tainted with a very negative practice, or more simply with the absence of any specific initiative at the level of the mass popular movement.

There is, therefore, the primary need for the entire "renovating left" to "understand politically" its current "dead end," to study in depth without any prejudices the serious problems that have resulted from a specific course of action, to make a sound "diagnosis" of the situation in which it finds itself. Only under this condition could one agree with another Kyriazis statement that the two articles by L. Kyrkos and K. Filinis in KOMThEP /Communist Theoretical Review/ "may constitute the beginning of realignment and reconstruction which will play a determinant role" in the course of KKE-Interior and also of a broader spectrum of forces "which shape their policy" according to the choices of KKE-Interior.

The Real Problems of KKE-Interior

In my opinion, what KKE-Interior suffers from is certainly not its general declarations because, one might say, it has more than enough of them. It has conducted precious studies--sanctioned within its own platform--on the pathways for the development of the revolutionary process in Greece.

It has declared its commitment to the sovereign role of the popular masses, the freely formed and expressed popular majority, in determining developments; it has rejected the monolithic aspect and the "official truths;" it has spoken without reservation in favor of a free democratic dialogue, in favor of a multi-party system, in favor of the preservation and further development of individual freedoms and rights in the context of a continuously enriched and expanded democracy with socialism as its apogee.

It has outlined theoretically the need for struggle toward deep democratic reforms, with the maximum alignment of popular and political forces at each stage of this struggle. It has underlined the need for the autonomy of the trade unions and of the mass popular organizations in general.

It has rejected the tactic of blind impasses, of polarization at the level of the popular masses, and untimely frontal confrontations. It has underlined the need for the autonomy of the movement from foreign guidance centers and has condemned the practice of hegemonism. It has precisely outlined--in its formulations always--the way it understands socialism in contrast to the social-democratic self-deceptions as well as to the practice of "living socialism." Moreover, it has not ignored the most advanced formulations of Euro-communism whether they refer to the youth and women's movements, or to a new stand on the moral and psychological problems of contemporary man which are directed toward the search for new ways to differ the content of life, enriching the traditional view of the class struggle and also of socialism itself.

Nevertheless, all these declarations have not prevented the difficult situation in which KKE-Interior finds itself as shown numerically by the results of the 1977 parliamentary elections. The worst part is that no matter how loud these declarations become nothing offers the least indication of a revival. The KKE-Exterior hastened to celebrate the alleged "bankruptcy" of the renewal which has "international significance," implying that in Greece an international movement, Euro-communism, has failed. Within KKE-Int. as well as in its periphery there is no dearth of opinions and proposals centering around the correction of the declarations either because they are "difficult" for the masses, or conversely because they simply follow what the masses are ready to accept; or because they are not sufficiently "renovating" and "broad," or conversely because they are not sufficiently "anti-right;" or because they are too "anti-Soviet" and "anti-KKE," or that instead they are too "traditional" and do not go far enough in "breaking away" from the bureaucratic establishment. In turn, the leadership of KKE-Interior has found no difficulty in revamping

from time to time the content of those general declarations, trying by such means to change the course of a downward slide.

Thus, from the 1974 contemptuous attitude toward the tradition of the old, united KKE and toward the ties which still connect the modern labor movement with this tradition, it ended with the verbal adoption of the movement's continuation and the use of hammer and sickle standards and red flags ad nauseam. And from the National Anti-dictatorial Democratic Union [EADE] and its classless view (from the "Coals of the Nation" to the Nonaligned Democratic Trade Union Coalition [ASDIS]) it ended--following the 2nd (10th) Congress of the KKE-Interior--with an "irreconcilable" political sentimentality which hardly differs from the "dead ends" offered by PASOK and the KKE-Exterior, that is, from the downslide to a confrontation of the "democratic" with the "right" forces, as unified and immovable entities.[1]

We have thus reached the point where the KKE-Interior has "said everything" and "tried everything," though only in its declarations, of course--but without any success. And any effort for the correction of the general declarations will remain unsuccessful as long as those declarations are not evaluated from the standpoint of how, with what processes and in what form they reach the masses. It would be a tremendous mistake to search for the reasons that have harmed the KKE-Interior in the context of its declarations without relating those declarations to an examination of the overall functioning of those declarations in the specific practices of KKE-Interior in all sectors, with the form it shaped and presented to the masses through this practice, with the consciousness acquired by its cadres and members.[2]

This specific practice of the KKE-Interior which indelibly taints its declarations did not change when KKE-Interior was talking about EADE nor when it was pointedly turning its back on the tradition of the unified KKE in the name of an allegedly "broad policy," nor when it was saturating the place with red flags.

This is the practice of a party whose leadership "trusted in the attractiveness of its own ideas," as was referred to as a minor "detail" of the resolutions of the 2nd (10th) Congress of KKE-Interior but in a way that such a crucial admission-confession was lost in a much more different and contradictory rationale. More simply, this is a practice which lost sight of the need to have KKE-Interior function as the standard-bearer of the direct social protest of the workers and the poorest and most oppressed strata, as the party that can "give a home," organize and coordinate the movements of social protest in all sectors, properly combining today with tomorrow and "investing" its long-term choices with the criterion of its current fighting practice. It is the practice of a party which saw--and unfortunately continues to view--its role in the country's political life in the form primarily of political statements, communications, and the discussions of top leaders. This practice inevitably was accompanied

by a more general distortion of the party, which removed it even further from the working masses.

When we speak of the policies of KKE-Interior in an attempt to evaluate them, it is necessary to comprehensively review the way its declarations reach the popular masses through a specific practice--in other words, how the declarations are translated into a specific policy. If we want to "assess politically" the development of KKE-Interior (the sole standard-bearer for the renovation of the Greek Communist movement, since outside the KKE-Interior the term "renovation" becomes an idea which is undefinable ideologically-politically and which can include everyone and nobody) we must not detach ourselves from the conclusions which emanate from the specific practice of the masses.

Without this criterion we run the risk of enclosing ourselves--those of us who worry and want to think about the future in terms of a very difficult current situation--in our own private system of closed ideas and absolute truths, without the possibility of communicating with each other. And then this "renovation of reassessments"--which Kyriazis chose very appropriately as the title for his article and which concludes without much thinking with an insatiable search for "new standard-bearers" of some unspecified "renovation"--is in danger of becoming a corruptive process, a pseudonym for chaos, with the KKE-Exterior in the role of the easy "winner."

KKE-Interior and the "Forces of Renovation"

Kyriazis relates in some way "the public presentation of the different views in the leadership of KKE-Interior" with the problem of bringing together the forces of "renovation," underlining "the precise political significance" of the decision made by the party leadership to make public this difference of opinion "on decisive matters." Personally, without being in a position to know the reasoning of the KKE-Interior leadership on this point, I believe that objectively there is such a connection.

At this moment, significant forces which do not disagree with the basic choices of KKE-Interior do not join its ranks and show no intention of doing so in the future. It further appears that these forces are not getting any smaller. This mistrust toward KKE-Interior is still political in nature even though it may not be expressed as mistrust toward individuals or the entire party leadership. Finally, it is mistrust toward the possibility of positive changes in the KKE-Interior following a very negative intraparty practice. It is mistrust as to how much opportunity these forces will have to "function" within the KKE-Interior and not have to simply recognize passively and accept participation in a situation which up to this time has kept them away.

These so-called "forces of innovation" constantly look forward--under the burden of such mistrust toward the KKE-Interior--to the possibility of a

"new standard-bearer" either with the participation of KKE-Interior as the basic "core" or, if necessary, without it. I believe that this is an unrealistic objective under the existing conditions and moreover that this is an objective which constantly rekindles the doubts toward the KKE-Interior which is the sole current standard-bearer, perpetuating the abstention of significant forces in a critical phase of the struggle against the neo-Stalinism of KKE-Exterior and this without having offered anything in the form of a platform essentially different from the declarations of KKE-Interior. In this way it ends up becoming one more promise which, while neither strengthened nor promoted by a specific practice at the level of the mass popular movement, becomes in the end--just to be different--a "leftist" verbalism.

The problems, however--we must emphasize this--have not been created by those forces which presently react in this fashion. They have been created by the KKE-Interior and its leadership through a process which has discouraged, disappointed and repelled much broader and very energetic forces. In such a situation the public dialogue, which started with the publication of the L. Kyrkos views in the KOMThEP and with a first reply to them by K. Filinis, may indeed work toward removing these suspicions but only "if it touches boldly on the real issues," only if it is related to the real problems which have stopped the development of the KKE-Interior and have shrunk its appeal as a renovating communist party.

The views presented by L. Kyrkos--although I respect his personal contribution--in my opinion remove both the necessity and the possibility for an autonomous existence for the KKE-Interior since they reduce to a minimum its differences over "living socialism" as well as toward KKE-Exterior. Anyway, the exhortations--come, Comrade Florakis, and meet us halfway--have been voiced and publicly repeated for several years now, together with other similar statements, feeding a great confusion within KKE-Interior and certainly not at all helping "its welding into our national life," as L. Kyrkos writes in his article.

The problem, however, is what kind of reply is given to such views. This does not mean that I want to criticize the first and sound reply already given by K. Filinis. I want to underline the risk inherent in the one-sided--probably exclusive--assumption by KKE-Interior of the opposition to the Communist Party of the Soviet Union [CPSU] and to KKE-Exterior because the attack against the CPSU hegemonism and the KKE-Exterior policy is an element of renovation of the Greek Communist movement only to the extent that it is part of comprehensive ideological-political formulations of a workers' revolutionary party which makes every effort to reaffirm this feature in the daily fighting practice of the masses. Otherwise, in the specific conditions we face, such an attack, detached from a comprehensive ideological-political formulation, may have an entirely different impact by strengthening a non-communistic consciousness in the party.

Kyrkos' views on the CPSU, the "living socialism," and the KKE-Exterior perfectly match a certain view of the character and policies of the KKE-Interior. But this view does not belong to Kyrkos alone. The entire leadership of the KKE-Interior has embraced it. What, then, are the real fronts of the public dialogue that has opened in the pages of KOMThEP. Let me be more specific: Downgrading the opposition toward CPSU and KKE-Exterior is--however strange it may appear at first glance--the inevitable consequence of a political party which does not aim at the working class and the working people, which is not being built as a communist party. Because it does not feel that it has to share the same political clientele with KKE-Exterior, it does not claim the representation of the strata which KKE-Exterior regards as its own property. One may note, for instance, that the United Democratic Left /EDA/, in spite of its radical differences with the KKE-Exterior in terms of general policy, does not have antagonistic relations with that party.

Therefore, the response to the Kyrkos views, with regard to that part relating to the downgrading only of the differences with the CPSU and the KKE-Exterior without going deeper toward a rebuff of the tendency these views express with regard to the character of the party, is inadequate. Moreover, it may even lead to disorientation to the extent that it simply strengthens the opposition to the hegemonism of the CPSU and the policies of the KKE-Exterior without anchoring this opposition to the real problems of the development of the KKE-Interior and the strengthening of its communist renovating character.

Obviously the real fronts being opened with the dialogue which has started in KOMThEP are much wider. Although this dialogue started with its only participants being two members of the KKE-Interior leadership, the real problem raised is the character of the party which is being built today with the support of all the members of its leadership echelon. On the condition that this dialogue will not take the form of counter-presentation of rationalizations but will be tied to the practices of the KKE-Interior, to the acute problems of party building and its profile as seen by the masses, one may hope that the positive prospects noted by Kyriazis will be realized.

Because, in my opinion, the indispensable element for a new inspiration in the ranks of the KKE-Interior and for a rise in its credibility and prestige in a wider area is an end to the practice of covering up the extent of the extremely serious errors it has committed. It is necessary to do now what was not done at the 2nd (10th) Congress of KKE-Interior (with the use of the "specter" of the "Second Panhellenic" and the "concerted course" which overpowered everything). There is no deus ex machina to intervene and correct the extremely difficult situation which exists both for the KKE-Interior and for the fate of renovating the Greek Communist movement. Those who do not regard this fate as a matter of "electoral preservation of certain party structures" see in the dialogue which started in KKE-Interior a new opportunity to bring to the forefront

wider forces in order to find a solution to the growing difficulties. This is just a possibility, of course. What will happen in the end will depend on many other factors; among those factors, the extent to which the present leadership of the KKE-Interior realises its responsibility will carry decisive weight.

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[1] This downslide is noted by Sot. Valden in the KOMThKP (issue 30-31). But by suggesting as a solution the mere return to EAME without asking how it reached the masses and why it was rejected by them, he ends up deriding the "receptability" of the masses--deriding, in other words, the specific masses from the lofty ground of an authority which does seek verification of his views on life but in an abstract system of ideas.

[2] In my opinion, this was the kind of "detachment" committed by those comrades in the 2nd (10th) Congress of the KKE-Interior--and also later on--who believed that it was necessary to give a "more leftist" content to the declarations [of the party] as a remedy against the shrinking of the party ranks or as a basis for a "revolutionary innovation." The only thing they were able to achieve was to "correct" in this vein the declarations of KKE-Interior but at the same time they maximised the "dead ends" and confusion in its ranks, thus revealing how disorienting was the "remedy" they were proposing and how distracting at the same time from the worries which have emerged within the party.

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COMMENTATOR CRITICIZES GOVERNMENT ENERGY PERFORMANCE

Reykjavik MORGUNBLADID in Icelandic 14 May 80 p 7

[Commentary by Staksteinar: "Singular Misgovernment"]

[Excerpts] The energy policy of the present government is fragmentary, like everything else the government sets about. In the loan financial proposal there is a very quiet mention of the fact that large financial resources are needed for expenditure on energy production, both for electric power generation and for heating plants. On the other hand, the policy of the government in price matters is such that restrictions have been placed on energy acquisition enterprises, such as the Reykjavik Heating Plant and the Land Development Company and they will, in all likelihood, have to reduce production.

In MORGUNBLADID on Friday Birgir Isl. Gunnarsson spoke about the proposal as follows: "These decisions are still more examples of the misgovernment of the government. All difficulty is pushed aside in everything and a firm stand seems to be taken on nothing. People are simply astounded by such misgovernment."

Sigurjon Petursson, head of the civic administration, stated in MORGUNBLADID that the danger of hot water shortages in Reykjavik next year was growing because drilling of the Heating Plant have been curtailed on account of a shortage of finances. And Eirikur Briem, chairman of the Land Development Company, said in MORGUNBLADID on Thursday that the decision of the government on pricing of the company's production could result in a reduction of production at Hrauneyjafoss. Does this accord with the energy policy of the government?

It has now come to the fore that the total production loss of the Aluminium refining and iron smelting factories was 4.9 billion krona last winter on account of electricity shortages. The probability of continuing losses for the same reason will not have been reduced if there is further delay in Hrauneyjafoss projects on account of government mismanagement. And the first thing that Hjorleif Guttormsson did after becoming minister of Industry in the Autumn of 1978 was to exert himself to bring about delay in Hrauneyjafoss projects. The next big event is clearly latent in this and that is the forcing of the people of Reykjavik to heat their homes with oil once again. It is to be expected that the Faroese will have second thoughts before they decide to begin communications with such a minister of industry.

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ENERGY CONSERVATION BOARD: GAS CONSUMPTION DROPPED IN 1979

Reykjavik MORGUNBLADID in Icelandic 15 May 80 p 35

[Unattributed Article: "Benzine Consumption 3.4 Percent Less Than in 1978; Energy Conservation Board Aims at 3 Percent Reduction this Year"]

[Text] Icelandic benzine consumption decreased by 3.4 percent last year compared to 1978. During the last 6 years the average increase of benzine consumption was around 7 percent and taking into consideration that the general evolution remained unchanged in 1979 there was actually a 10 percent reduction, equivalent to 1.5 billion krona at the present exchange rate. These figures are from a press release of the Energy Conservation Board.

It may be mentioned for comparison that that is about the same monetary savings as arose from increased use of domestic energy resources for home heating last year. Monthly benzine consumption was between 6,000 and 8,000 tons. It was, for example, 6,335 tons in January and 6,450 tons in February, about the same as in the same month last year. During 1978 monthly use was most often over 7,000 tons and reached 9,486 tons in July of that year and 9,544 tons in July of 1977. In July of 1976 8,996 tons were consumed.

The Energy Conservation Board has set as its goal a 3 percent decrease of benzine consumption this year over last year and the Board calls upon divers to conserve benzine since it is the most expensive fuel. The Board points out that the greatest savings will be achieved through reducing use of cars and it is stated in the news release of the Board that if each car owner travels to work, once a week, on the bus, or by similar means, instead of by car, the national savings could amount to 1 billion krona. The Board news release also reminds us that the princes of bicycles have decreased after taxes on them were removed.

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ALTHING REPRESENTATIVE ATTACKS ENERGY POLICY

Reykjavik MORGUNBLADID in Icelandic 15 May 80 p 2

[Unattributed Article: "The Government Energy Policy Made Clear in its Position on the Reykjavik Heating Plant"]

[Text] "The real policy of the government in energy matters has been made clear in its position on the request of the Reykjavik Heating Plant for a rate increase," said Fridrik Sophusson, Althing delegate, in a special discussion in the Althing yesterday. "And with the cutting of the rate increase request of the company from 58 to 10 percent the danger is increased of a hot water shortage in the capital region," Fridrik Sophusson continued. "And also the danger is increased that people will have to heat their houses with oil in that region." Fridrik Sophusson asked for a special hearing on the matter but the discussions were put off for almost a week since minister of trade Tomas Arnason said that he had no time to look into the matter.

Tomas Arnason said, on the other hand, during the discussions that the finances of the company were far better than the administration of the Reykjavik Heating plant organization had suggested. For this reason the rate increase request was cut. He said that rate increases at the Heatin plant would have been 113 percent this year if the requests of the company had been accepted but only 91 percent according to the proposals of the Ministry of Industry.

Fridrik Sophusson had shown earlier in the discussion that the ministry of industry had proposed at 40 percent increase and that that was later decreased to 20 percent but the government was determined not to get more than 10 percent. Fridrik Sophusson said that the reason for this is that the Reykjavik Heating Plant is one part of the index upon which the "indexing family" is based in Reykjavik. For that reason no impartial position could be taken with respect to the company and a certain vassilation of the government could be perceived in the fact than an increase of 58 percent was sanctioned for the home heating duct fee. Fridrik Sophusson said that this was a blunder and called upon the minister to reconsider the matter in the light to new facts.

Althing delegates Birgir Isl. Gunnarsson and Gudmundur G. Thorarisson supported the criticism of Fridrik Sophusson on what was being done in the matter and said that they thought it very questionable to keep the Heating Plant in financial turmoil in this way.

The discussion will be reported on in more detail by MORGUNBLADID below.

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CSO: 3111

LABOR UNIONS, GOVERNMENT REACH ACCORD ON ECONOMIC PROBLEMS

Text of Accord

Rome RASSEGNA SINDICALE in Italian 15 May 80 pp 44-46

[Text of Accord Reached at 10 May Meeting at Palazzo Chigi Between Second Cossiga Government and United Federation CGIL-CISL-UIL Labor Unions as released by CGIL-CISL-UIL Steering Committee]

[Text] The Steering Committee of the National Federation of CGIL [Italian General Confederation of Labor], CISL [Italian Confederation of Labor Unions], and UIL [Italian Union of Labor] convened right after the meeting between the administration and the labor unions (almost 19 hours of uninterrupted discussions) unanimously approved the basic assumption behind the agreement that was achieved.

Speaking for the secretariat of the United Federation, CGIL Secretary Sergio Garavini illustrated the salient points and aspects of the agreement which, also providing innovation in practical terms for the first time, will be carried out after a thorough evaluation and approval by the steering committee.

Garavini noted first of all that the negotiations with the administration took place on the platform spelled out by the Steering Committee meeting on 28 March, tackling the problems of taxation, family allowances, retirement pay, and public employment hiring, as well as the particularly acute points of enterprise and territorial crisis in the South, within the context of an effective planning policy designed to overcome the obstacles in its way due to the absence of government (which had been a political decision of earlier administrations) and growing resistance and opposition from the employers. A signal for the revival of the neo-free-trade policy, contrary to any planning policy, Garavini said, also came from the meeting held by Confindustria [General Confederation of Italian Industry], in the report by new President Merloni which, on the one hand, was marked by a loss of autonomy on the part of that organization and, on the other hand, constituted a strong attack against any planning policy and the system of the PPSS [State Participations] (Confcommercio [Commerce Confederation?] moved along the same line). This is a serious thing which did not produce any response from

the administration; but it was confirmed in the attempts at dramatization by the big industrialists (first of all Olivetti and then, today, Fiat) who, in the view of current difficulties, threaten employment and resorting to the unemployment fund, with the clear objective of countering the contract negotiation policy and platform drafted by the workers. At the moment the labor union decides on a revival of planning in order seriously to tackle the crisis, the employers step up their own opposition, attack the labor union and the decisions tied to the first portion of the contracts, work organization, occupational status, which constitute the real point of tie-in with a policy of restoration and the balanced use of funds.

Garavini then added that it was and has been our firm conviction to make sure that the meeting would not involve just a lot of talk but would lead to the solution of urgent problems, creating real possibilities for positively tackling the basic issues.

In talking about the meeting and its outcome, Garavini said the following: "We held a very broad discussion; the critical points were resolved only in part (on the problems of the South and on employment we even achieved understanding as to method); however we can say that, within these limits, the results, in overall terms, are significant and positive." Garavini then read the draft for the basic assumptions behind the accord.

The government and the CGIL, CISL, and UIL Federation examined the country's economic situation during the meeting that was held in Chigi Palace (9-10 May 1980), along with the outlook and some of the most urgent problems relating to conditions in the industrial sector, employment, public employment contracts, and income distribution.

At the end of the meeting, an agreement was arrived at, based on the following points, which the parties declared they would comply with in the sphere of their own responsibilities and determination. The accord was achieved on the basis of the common conviction that continuity of relations between the government and the labor unions on the major issues of economic and social life represents an important and necessary instrument in tackling the country's serious problems.

The government and the United Federation agreed on the need for holding brief meetings at certain intervals in order to examine the problems of the Italian economy so as to work out an economic policy line capable of tackling the current economic and structural problems within the context of a revival of the planning policy, also with a view to the drafting, by the administration, of the previously announced medium-term program document.

The administration and the United Federation agreed on the priority character of the fight against inflation as a condition for guaranteeing the continuity

of economic development and employment, thus avoiding recourse to restrictive policies and they agreed on the idea that only a rigorous policy can counter the inflationary expectations.

(1) Concerning the aspects dealing with taxation, the administration and the CGIL, CISL, and UIL United Federation took note of the tax deductions for 1980 approved in the finance law last April in favor of the workers.

For 1981, the government and the United Federation agreed to examine--in relation to the 1981 finance law--the problems of tax equalization both with regard to progressive taxation rates and with regard to the consideration of family nuclei for the purpose of tax assessment. On this subject, the administration and the United Federation will get together, during the coming month of June, for an appropriate comparison. It seems that the government and the United Federation, during that month, will complete the talks on the reorganization of finance administration and on the provisions connected with a more effective fight against tax evasion.

(2) Regarding family allowances, the administration and the United Federation agreed on a 50 percent increase for children and wives of workers in private industry and public employment as well as retirees, effective 1 July 1980, while those allowances are to be doubled as of 1 October 1980.

Any possible further adjustment as of 1 January 1981 will be taken care of through forms of solidarity among the workers themselves.

(3) The administration and the United Federation agreed that negotiations would be continued, regarding the public employment sector, with a view to the rapid conclusion of contract renewals for workers employed by the local, regional, and hospital entities. These negotiations will be developed continually, as of Monday, 12 May 1980, within the area of compatibility outlined between the administration and the CGIL, CISL, and UIL Federation.

The administration and the United Federation furthermore underscore the fundamental importance of the model law on public employment hiring, pledging to support the requested approval according to the understanding worked out in order to create certainty in that sector.

The government and the United Federation are of the opinion that it is necessary to maintain a coherent behavior in keeping with the logic of this model law.

The administration and the United Federation agree that the bill on public employment contracts for 1976-1978, under discussion in the Senate, should in all of its parts be brought in line with the logic of the agreements

worked out between the government and the labor unions.

(4) Regarding the pension reform bill, it was agreed that the administration would support the draft bill now under discussion in parliament as well as the pertinent basic criteria, spelled out with the labor union and that, together with the United Federation, it would examine the further proposals submitted by the Federation itself.

(5) In the matter of active labor policy, the government and the United Federation schedule[d] a pertinent meeting in order to examine the proposals for integration an[d] updating on the basis of the text under discussion in parliament.

(6) The most urgent and serious questions pertaining to acute crisis points in the South were also taken up during the meeting, especially the following:

The situation in the fiber sector, with particular reference to Montefibre and SNIA (including the Calabria textile plants) for the purpose of guaranteeing, in the South, the production continuity of the present establishment and the employment levels, also through possible additional actions of a public character. This objective is being placed within the fiber plan;

The situation of the programs of the SIR Consortiums and the special administration for Liquigas-Liquichimica, underscoring the need for making up the delay in the financial solutions and the consequent launching of management programs. The United Federation stressed the need for management support of the ENI [National Hydrocarbons Agency] concerning these activities;

The situation in the component industry within the context of a program for electronics and the prospects for the establishment of a consortium;

The intervention of the GEPI [Industrial Participations and Management Company] in enterprises that are in trouble in the South and that have requested this.

The administration and the United Federation agreed on the need of quickly working out a program of precise action for Calabria and for the Neapolitan area and to spell out the methods involved and they agreed to schedule a meeting for this purpose.

The actions already agreed upon have been confirmed for the zone of Gioia Tauro and the Province of Reggio Calabria.

(7) The government reaffirms its own decision to keep the deficit of the public sector within the limit of 40.5 trillion indicated at the time. For this purpose, it will indicate, in the economic policy document and in the supplementary estimate to be submitted by 30 June, the measures that are

necessary to follow through on this commitment.

The rapid and positive debate, following the report, produced further clarification and specific statements.

After having underscored the analysis of the results, Marianetti stressed the continuation of ambiguity and therefore the need for a mobilization in support of the next meetings in order to forestall any attack against the planning policy.

After having expressed a balanced,by no means triumphal but rather constructive judgement, Lama recalled the commitment--if the basic points are approved--toward smooth and effective management. "These are not things that were 'simply due us' but that were gained through struggle; nor does this involve a truce. The portion pertaining to the next meetings and the method evaluation must be further checked out."

Carniti came out in favor of a correct evaluation of the results which would make it possible to do away with the existing skepticism, also deriving from our own responsibility. The gains are important but they are not the main point in a more equitable income distribution from the viewpoint of the family. "The family in Italy," he said, "is still penalized as compared to the rest of Europe."

The proposal to summon a coming meeting of the steering committee on industrial policy and on the South was approved.

Afterward, the Steering Committee unanimously approved two agenda (which we report below--The Editors).

The Steering Committee of the CGIL, CISL, and UIL United Federation met on Saturday, 10 May.

On the basis of a report delivered in the name of the secretariat by Sergio Garavini, the Steering Committee discussed the outcome of the meeting with the government and approved its conclusions.

The Steering Committee considers the results obtained regarding taxation to be a success deriving from the struggle of the workers, along with the doubling of family allowances, spelling out the first phase of the labor union initiative aimed at objectives of equalization and equality.

The Steering Committee took note of the commitments undertaken by the administration regarding a meeting to be held soon on the most critical points of crisis in the South, on the labor market and youth employment, on retirement pay, as well as the conclusion of contracts for public employment.

The Steering Committee urges all branches and subdivisions to establish the closest possible relationships with all workers in order to derive benefit from the results gained through negotiations with the government and to sustain the intensive phase of confrontation which, starting within the next several days, will involve crucial questions of employment, sector programs, and economic policy.

Major Areas of Agreement

Rome CONQUISTE DEL LAVORO in Italian 12 May 80 p 1

[Text] The agreement was reached after 18 hours of stiff confrontation (from 1100 on Friday, 9 May, until 0500 on Saturday morning) "on the joint conviction--as the document drafted at the end of the meeting states--that continuity of relations between the administration and the labor unions on the broad issues of economic and social life represents an important and necessary instrument in tackling the country's serious problems."

Everybody knows how this meeting finally came about and the terms of the labor union platform have been known for many months. The workers went out to fight several times for that platform and, after the agreement was concluded, there was no lack of reasons for legitimate satisfaction, especially if we consider the "sudden turnabout" in the attitude of the administration. Not everything has been resolved and defined but this, substantially, is the first, well-considered judgement expressed by the united Steering Committee meeting Saturday morning.

But let us take a specific look at the points in the document that was worked out.

(1) Economic Policy. The administration and the Federation agreed on the need for scheduling brief meetings at intervals in order to examine the problems of the Italian economy so as to spell out an economic policy line capable of tackling the economic and structural problems in a context of revival of the planning policy, also with a view to the drafting, by the government, of the previously announced medium-term program document. There was agreement on the priority character of the fight against inflation as a condition for guaranteeing continuity in economic growth and employment, thus avoiding recourse to restrictive policies.

(2) Taxation. Having taken note of the change in tax deductions for 1980, approved in April by the finance law, for the year 1981, the administration and the United Federation agreed to examine, in relation to the 1981 finance law, the problems of tax equalization, both regarding a progressive taxation rate and concerning the consideration of family nuclei for tax assessment purposes. A new meeting will be held in June on this matter and the confrontation on the reorganization of the finance administration and on the

steps connected with a more effective fight against tax evasion will be completed.

(3) Family Allowances. An increase of 50 percent for children and wives of workers in private industry and public employment as well as retirees, effective 1 July 1980, to be doubled as of 1 October 1980. A possible further adjustment as of 1 January 1981 will be provided for through forms of solidarity among the workers.

(4) Public Employment. Negotiations concerning contract renewals for the local, regional, and hospital entities will be carried out continually as of Monday, 12 May. There is a commitment to support the requested approval of the model law for public employment hiring, according to the understandings that were worked out. The government and the Federation furthermore agreed that the bill pertaining to the 1976-1978 contracts, under discussion in the Senate, is to be in all its parts brought in line with the logic of the agreements worked out between the government and the labor unions.

(5) Retirement Pay. The government will support the draft bill now under discussion in parliament and the pertinent basic criteria defined together with the labor union and it will examine the further labor union proposals together with the Federation.

(6) Active Labor Policy. A meeting will be scheduled to examine the proposals for integrations and updating on the basis of the text now under discussion in parliament.

(7) Acute Crisis Points in the South. The following urgent questions were taken up during the meeting: (a) The situation in the fiber sector, with particular emphasis on Montefibre and SNIA (including the Calabria textile plants) with the objective of guaranteeing, in the South, the production continuity of current establishments as well as employment levels, also through possible additional action of a public character. This objective will be placed within the fiber plan; (b) The situation of the programs of the SIR consortium and the special administration for Liquigas-Liquichimica, underscoring the need for making up the delay in the financial solutions and the subsequent launching of management programs. The United Federation stressed the need for management support from the ENI; (c) The situation in the component industry, within the context of a program for electronics, and the prospects for the establishment of a consortium; (d) Action by GEPI in enterprises in trouble in the South which have requested such action.

The administration and the federation agreed on the need for quickly drafting a program of specific actions for Calabria and for the Neapolitan area and to spell out the methods involved. A meeting will be held in this respect. The actions already agreed upon are hereby confirmed for the zone of Gioia

Tauro, as well as the Province of Reggio Calabria.

At the end of the document, the administration reaffirmed its own decision to keep the deficit in the public sector within the limit of 40.5 trillion. In the economic policy document and in the supplementary estimate to be submitted by 30 June, it will indicate the measures necessary in order to comply with this commitment.

As we can see, there is no lack of results and initial specific steps; likewise there is no lack of valid commitments on paper which however yet remain to be implemented in practice. The situation is not devoid of unresolved problems and difficulties. On top of that we have the events in the auto industry, the ill-advised and instrumental decision of FIAT to put 78,000 workers on the unemployment fund.

CGIL's Lama Assesses Agreement

Rome RASSEGNA SINDICALE in Italian 15 May 80 p 7

[Editorial by CGIL Secretary General Luciano Lama: "The Mass Struggle, Results and Specific Facts"]

[Text] It is perhaps not entirely useless to say a few more words of comment on the agreement worked out Saturday with the government. On the matter of income distribution, tax policy, family allowances, public employment contracts, and pensions the understanding is undoubtedly satisfactory because it resolves or indicates the solution of problems which have been dragging on for quite some time and which involved tough struggles during the months up to the last political crisis. This is further demonstration of the fact that it pays to fight when you are right even though sometimes payment comes rather late. During the Steering Committee meeting, some comrades declared that the result was above and beyond current expectations and that there will now be a widespread pessimistic conviction among the workers and the labor union cadres that the dispute ended with scant results, in failure. If this is so, then the agreement should serve to overcome those momentary points of confusion and that drop in confidence which in recent months certainly made it more difficult to have relationships between the labor unions and the workers; instead, this will lead to widespread talk of a presumed crisis in the labor union. This is why it is necessary for the actual handling of the accord to be taken care of by the entire leadership group of the labor union on all levels, so as to rebuild closer unity among labor in tackling the most serious and difficult problems ahead of us.

This brings me to the second part of the accord, the one dealing with economic policies, with the critical points, with employment in the South, where the understanding is more uncertain and consists essentially of the determination of some methods for the discussion of questions and a

declaration of intention. There is obviously too little here to enable us to talk of results, also in view of the fact that we are not dealing here with a restoration of balance to be achieved in income distribution but with new policies, with real reforms which must change the economy and society of Italy. This is the biggest objective which the labor union has chosen in its role as a force for the transformation of Italian society and it is on this point that the policy of the EUR [Labor Union Headquarters?] ran into the most serious obstacles; this is also the place where it today lacks any certainty as to its ability to overcome them. It is true that the agreement with the administration establishes that the objective of development and employment must be pursued also through anti-inflationary measures which will rule out any recession; but it is likewise true that, on this score, our entire experience in the past and the present, outside Italy, tells us the exact opposite and that, without pressure and struggle on the part of the workers, one can easily anticipate an employer offensive which will be aimed at the devaluation of the lira or restrictive policies, in either case always against the workers.

For our part, following the success of the agreement, we must step up our commitment so that--as happened in connection with nationwide contract negotiations--the demands arising in enterprise negotiations will likewise reveal the highest degree of coherence with the strategy of development and employment. Hence t' need for the main effort to be concentrated on the problems of work org..zation, work environment, professional workers status, the economic decisions which the enterprises make, also for the sake of the improvements which we achieved in worker income through taxation and family allowances, by exercising concrete labor union power in support of a policy of growth which must be launched not only on the enterprise level but also in the sector plans and in nationwide economic planning.

We must firmly put the government to the test so that it will move on from good intentions to concrete action. Too many times in the past have promises remained just that; and this, in turn, led to the spread of skepticism and lack of confidence among public opinion and among the workers themselves. This must not happen any longer because, at least on our part, there is a firm intention to continue on the previously chosen road, stressing the policy of employment as an absolute priority that determines any other economic policy measure. This means that the mobilization of the labor unions and the struggle of the workers constitute the indispensable condition and the rules of conduct for the coming months. The agreement worked out does inspire confidence but this confidence must now be backed up by action, not by a fideistic wait-and-see attitude which would inevitably be the first step toward new and even worse delusions.

We must continue the same kind of commitment in the fight against terrorism. This morning, while I was writing this article, there was more news about terrorist action: in Venice, the head of DIGOS, Dr Alfredo Albanese, was

killed by an armed group. The results achieved last week in the action of the police and the courts against the organizations of terrorism must not cause us to adopt a passive wait-and-see attitude. Seasoned formations of political assassins continue to operate in Italy and it seems that the brains behind this subversion have not yet been reached. Terrorism is certainly more isolated today than it was a few months ago; its difficulties are greatly increased because the gray zone of uncertainty present in public opinion and also among the workers has been reduced by the vast offensive conducted by the forces that went to safeguard political democracy, among whom the United Federation certainly stands out. But in this field likewise we have a long way to go yet and mass action against any terrorist manifestation must continue, with inflexible determination on our part, overcoming any false views as to the presumed sterility and uselessness of struggle. This is why I applaud the decision of the Venice labor union movement immediately to respond with a strike and demonstrations to the n-th political assassination carried out this morning in Venice.

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MEZZOGIORNO REACTS TO NEW GOVERNMENT-LABOR UNION ACCORD

Review of Key Issues

Naples IL MATTINO in Italian 10 May 80 pp 1,2

[Article by Gianfranco Del Giudice: "Family Allocations and Public Employment Are First Results of Long Confrontation"]

[Text] The meeting began shortly before noon with a report by Cossiga and remarks by La Malfa; strict security on conversations.

This is not a dialogue between the deaf, but it is not a conversation between people who are feeling too good either. Picked up in the dusty courtyard of Chigi Palace, the pulse beat sufficiently well characterizes the progress of the meeting between the administration and the labor unions which began shortly before noon and which ended very late at night.

What were they discussing? Everything, from the country's economic situation to the "medium-term" program of the big outfits which are in trouble in the South, from the doubling of family allowances to the public employment contracts, from tax reductions to Gioia Tauro. What were the results? Few, judging at least by the scant news reported by a few labor unionists, men of good will, for the benefit of the many journalists who had gathered in the lobby of the ppemier's office which had been turned into a construction site for "important" restoration work and for protection against terrorism.

There are a couple of points on which the administration seems inclined to make concessions: increases in family allowances and "closing" of public employee contracts. The former would be increased (as of July, it was said) to 20,000 lire for every dependent while the negotiations on public employment would be resumed (this piece of news was reliable and there was therefore no doubt about it) next Tuesday with the hospital workers. The agreement for this worker category should not involve any excessive difficulties because the difference between "what is demanded and what is offered" involves just a few thousand lire; the labor unions want an average increase of 85,000 lire per person while the administration is inclined to

grant 78,000. The meetings concerning the employees of the local entities and the railroad workers will likewise be resumed next week.

So, this is where we are as of now. On the rest, one could write everything and then the exact opposite of everything. Better to present a brief overview. It was said that the meeting began shortly before noon. The administration was represented by Cossiga and the ministers of Treasury Pandolfi, of Labor Foschi, of Budget La Malfa, of Finance Reviglio, and of Civil Service Giannini; the labor unions were represented by the secretariat of this big organization, led by Lama, Carniti, and Benvenuto.

There was a brief consultation among the representatives of the administration--who barely touched on the FIAT problem--and then the premier opened hostilities by illustrating the current domestic and international economic situation. What he might have said is not difficult to imagine: energy crisis, inflation, enterprise groups in trouble, employment--these were the points on which he dwelled at length. Next came the turn of Budget Minister La Malfa who urged the labor union organizations to make their contribution to working out an economic program which would be lean in terms of content but realistic and not remote in terms of implementation. Concerning family allowances, the minister was quite conciliatory: they could be increased also to 20,000 lire, but not right away, as the unionists wanted, and only if fitted within a general planning context.

That was followed by a lunch break after which the discussion was resumed for many long hours amid the most absolute official secrecy. The labor unionists, who had convened the steering committee for the first afternoon, were forced to postpone the meeting several times. Then they definitely scheduled it for this morning. Civil Service Minister Giannini talked about the problems in the sector under his responsibility, disclosing, among other things, that, if accepted, the economic demands in favor of the hospital workers would, by about a hundred billions, have topped the cost estimated by the government. Hence the need--Giannini warned--to lower one's sights. Between comments from labor unionists, Pandolfi, Reviglio, and Foschi also spoke in succession during the discussion. Each of them stressed the difficulties in his own "bailiwick."

Significance, Achievements

Naples IL MATTINO in Italian 10 May 80 p 1

[Article by Antonio de Feo: "Unanimous Satisfaction With Success of Summit Meeting and Sudden Change in Relations"]

[Text] The agreement arrived at yesterday morning between the administration and the labor unions in Chigi Palace, after 19 hours of uninterrupted talks,

puts an end to one of the toughest summit meetings which, during post-war years, saw the executive branch and the worker movement facing each other across the conference table. This was a summit meeting which had been in the works for more than a year and which forced the united secretariat of the CGIL [Italian General Confederation of Labor]-CISL [Italian Confederation of Labor Unions]-UIL [Italian Union of Labor] Federation to proclaim more than one general strike.

The immediate result of the agreement--which very closely touches more than 18 million persons, all of the dependents of the workers, both public and private, as well as retirees with family obligations--consists of the doubling of the amount of family allowances which will become effective as of the month of October; during this coming July, moreover, the benefits currently being received will be increased by 50 percent.

On that score, the labor unionists are justified in maintaining that they did win a complete victory: the administration in fact dropped its original proposal to tie the increase in allocations in with an albeit slight modification in the mechanism of the sliding scale (which, by the way, at least one of the three confederation labor unions was ready to do), agreeing to the principle of public financing which will be implemented by using the assets from a special fund managed by the INPS [National Security Institute].

The labor unions for their part agreed that, as far as the allocations are concerned, the government really could not go any further and they therefore pledged to finance any possible future increases next year by resorting to "forms of solidarity [shared liability] among all workers."

The second main point of the general summit with the administration involved taxation and here again there was no lack of reason for satisfaction on the part of the labor unions. In addition to an increase in deductions already obtained through the finance law of last April (which the government said it would accept) it was agreed, regarding next year, to examine the problems of tax equalization both regarding the progressive tax rate and the consideration of family nuclei, in the form of a report on the finance law itself.

Finally, we come to public employment. The government pledged shortly to conclude the accords for the renewal of work contracts for hospital workers and employees of local entities and it recognized the need for speeding up the time involved in the passage of the model law as well as to reinstate the original text of the law pertaining to the old contracts, which was immediately heavily amended in parliament.

But the significance of the accord (whose terms are illustrated in a document disseminated from Chigi Palace and signed jointly by Cossiga and the

economic ministers as well as the labor union leaders) certainly goes far beyond the immediate advantages gained by the workers. The document as a matter of fact constitutes the first concrete act that is part of a new way of viewing relations between the administration and the labor unions, where the bitter opposition among roles and interests is replaced with the recognition of reciprocal responsibilities and where there is agreement on the need for keeping the confrontation open "on the major issues of economic and social life out of the conviction--as it says verbatim in the text--"that this is important and necessary in order to cope with the country's serious problems."

This constitutes significant recognition by the government of the role of the labor unions but, on the other hand, there is a real and proper declaration of "assumption of responsibility" on the part of the three confederations. And the road thus opened was immediately pushed a little further when, in the same document, the two sides agreed "shortly to launch meetings for an examination of the Italian economy in order to work out an economic policy line capable of tackling the current economic and structural problems in a context of planning policy revival" and where, moreover, the United Federation recognizes along with the government the "priority character of the fight against inflation as a condition for guaranteeing the continuity of economic development and employment" and agrees "on the idea that only a rigorous policy can counteract the inflationary expectations."

A rigorous policy which however will--as the document also states--have to avoid resorting to credit restrictions--such a policy is bound to demand sacrifices on the part of the workers; and this is a declaration of exceptional significance on the part of the United Federation at the very moment when the labor unions are getting ready to go into the battle for the renewal of the integrative contracts [contracts with unemployment benefits] in the big metalworking outfits and at a moment when the government is supposed to draft its own economic program whose essential point is the "maintenance of the deficit in the public sector within the limit of 40.5 trillion indicated at the time." While the labor unions were thus able to express full satisfaction with the results achieved at the end of the very long trail which saw them opposing two successive Cossiga cabinets (the approval of the accord was unanimous on the part of the steering committee of the United Federation which met in Rome yesterday morning), the first, positive evaluations prepared about the results by numerous government officials and majority party functionaries appear equally justified.

"This is an important event from the viewpoint of the institution of an economic policy which will be adequate in terms of tackling the country's problems," said Budget Minister Giorgio La Malfa, one of the big protagonists of the "marathon" in Chigi Palace; "during the next several days, the administration will put the same analysis before the business and

industry organizations and we hope, in this case likewise, to be able to find similar grounds while respecting the reciprocal spheres of autonomous responsibility."

La Malfa considered the accord to be a first important step toward the conclusion--as the government hopes--of that "social pact" which is the first item in the political strategy of his party, the PRI [Italian Republican Party], and this therefore is not a case where the initial authoritative approval of the accord first came from the political secretary of the PRI, Senator Spadolini.

"The agreement arrived at," said Spadolini among other things, "constitutes the first essential step on the road of resuming the dialogue between the executive branch and the social parties. It is important for the confederation labor unions formally to recognize, for the first time in many years, that the fight to hold inflation down is a common objective shared with labor."

The same tenor was evident in the comments by the socialist Minister for Foreign Trade Enrico Manca, although he preferred to talk in terms of the "development pact" (to indicate the same thing).

"The agreement between the administration, the labor unions, and Confindustria [General Confederation of Italian Industry]," Manca said, "is necessary in order to overcome the great difficulties of the national economy. Here, the responsibilities of business and industry and those of the labor unions are equivalent and it is therefore necessary to make sure that the dialogue, opened yesterday, will be carried forward parallel also with the other economic and social forces."

Labor Minister the Hon Foschi on the other hand, among the points of the accord, singled out those which most directly pertain to action in the South. "The doubling of family allowances alone," said the minister, "gives preference to the regions of the South where the family nuclei are larger; but another important thing here is the administration's pledge to guarantee the continuity and productivity of establishments in the synthetic fiber sector and to draft action programs for Calabria and the Neapolitan area. The confirmation of the action to be taken for Gioia Tauro and the Province of Reggio Calabria bear witness to the administration's desire seriously to tackle the economic and social problems of the southern areas."

Commentary on La Malfa's Statements

Palermo GIORNALE DI SICILIA in Italian 10 May 80 pp 1, 20

[Article by Giancarlo Fossi: "Something Is Moving in Public Employment"]

[Text] The meeting between Cossiga, the budget minister, and the labor union delegation was very

long and, in overall terms, rather fruitful; the threat of an imminent general strike hovers over the meeting.

The confrontation between the administration and the labor unions resumed with a meeting in Chigi Palace lasting without interruption from 1030 until late at night, in a tense atmosphere, under the threat of a general strike that might break out shortly. Premier Cossiga and Budget Minister La Malfa illustrated the latest developments of the economic and social situation, expressing strong concern over the growing aggravation of the inflationary process and the prospects of having to resort to monetary restriction measures and interest rate hikes if there is not a rapid reversal of this trend.

The CGIL-CISL-UIL Federation, represented by a large delegation headed by Lama, Carniti, and Benvenuto, stressed the need for solving some problems which are considered to be priority problems (taxation, family allowances, pensions, public employment, the South, mobility, revival of State Participations) as a concrete sign of the administration's desire to "replace the policy of words with the policy of action."

In the end, some results were achieved above all regarding public employment; it was agreed to continue the negotiations on the new contract for 600,000 hospital workers on Monday, with a pledge rapidly to resolve the difficulties of an economic nature and as soon as possible to launch negotiations for the other worker categories and, at the same time, to clear the way for the implementation of the 1976-1978 contracts, after the obstacles that arose in parliament.

At 2200, the united steering committee, which had been waiting for 15 hours, heard a report by CGIL Confederation Secretary Garavini on the outcome of the meeting; during the night it held discussions on the proposal--advanced by the major worker categories and territorial structures--to launch a protest action during the month of May, a general strike lasting 3 or 4 hours, and perhaps the "big demonstration" in Rome, proclaimed earlier and then suspended following the start of the government crisis.

Immediately after the opening address by the premier, Minister La Malfa touched on the salient aspects of the country's economic situation at this moment and its prospects, stressing the need for an overall frame of reference within which all of the specific problems of major or minor significance must be tied together.

"The administration," said La Malfa, "pledged parliament to launch a long-range, broad-scale policy but it must alert the conversation partners to the fact that only a rapid turnabout in the inflationary process can make it possible to prevent a situation where the crucial issues of inflation and

the balance of payments put a stranglehold on the Italian economy, compromising its possibility for further development."

La Malfa then added: "If we want to avoid any recourse to monetary restrictions and interest rate hikes, the government must be able to hold the public sector deficit down within the limits indicated and it must keep the dynamics of wages and salaries within rates that will be no longer markedly inflationary. In this sense, it requests a strong and united effort by the social parties" [partners]. The situation "is highly preoccupying," as confirmed by the recent FIAT decision to put 78,000 workers on unemployment benefits.

Concerning the estimates of the preceding administration, pointing to balance of payments assets amounting to about 1 trillion in 1980, we are today expecting a liability which "could reach and which we are afraid might exceed 3 trillions." The trade deficit is much higher.

Although there has been a slight improvement in March and April in the way prices have been developing, the budget minister underlined, it is such as to assume a further revision of administration estimates: "The rate of inflation--unless there is a decisive turn in the next months--will not be less than 20 percent. That broadens the gap and hence the loss of competitive capability with respect to the other industrial economies."

Looking at public finance, it appears increasingly difficult to hold the deficit within the limits of 40.5 trillions indicated earlier. Apart from that figure, it is the expenditures for the public sector contracts which are currently under discussion, along with a portion of health spending for 1980, the possible costs connected with family allowance increases, a portion of the tremendous funds needed for the recapitalization of the enterprises with state participation. All of this, to a very great extent, comes to the detriment of savings and investments.

"This picture," La Malfa observed, "involves the short-term prospects; but if we look at the country's structural conditions (with the continued existence of vast areas of underdevelopment in the South, the existence of unemployment, the profound insufficiencies in public investments, the need for investments required in order adequately to cope with the energy problem), then we grasp the dimension of the economic planning effort and the concentration of the employment of funds in these directions."

Public Workers' Contracts Reviewed

Naples IL MATTINO in Italian 11 May 80 p 4

[Article by R. d. G.: "What Was Done and What Remains To Be Done After the Administration-Labor Union Summit Meeting"]

[Text] It could have turned into a bomb but perhaps it was disarmed just in time. That the more than 3 million public employees are the real land mine in labor union relations has been known since the time of the savage agitations of the hospital workers and the public transportation workers, if not before.

Their contract season practically never ends since every contract must be ratified by law in parliament and since, among the long-drawn-out contract negotiations, the red-tape processing and the political steps involved, the various contracts in the end always overlap, thus dangerously piling the old on top of the new disputes. The administration and the labor unions had figured out that the situation was going to be serious this time likewise and this was also why the Friday summit meeting turned into a long, all-night marathon.

What Was Worked Out

The 1976-1978 contract. The local, regional, and hospital entities (adding up to a total of 1 million employees) were waiting for the parliamentary ratification of these undertakings. Just 6 months ago, the administration expressed the intention of ratifying them, although with some amendments in the normative part. The labor unions opposed that and that brought about a long dispute. Now it has been established that the contracts are going to be passed in their original form.

Negotiations in progress. Looking at the local, hospital, and regional outfits, the negotiations on the new contract (the old one expired in 1979) were coming along nicely but, in view of the political uncertainty this winter, the administration representatives in practice came to the meetings only in order to listen, never to give any answers. From next week on, the contract meetings will again be fully operational.

Model law. A bill is being discussed in parliament to facilitate contract negotiations throughout the entire sector. It is necessary to spell out what there is under discussion and above all what the subject matter to be covered by law consists of. It will furthermore be necessary to indicate that the public employment contracts can no longer be subjected to examination by parliament but will be the subject of a presidential decree.

What Remains To Be Worked Out

Contracts. In 1979, most of the sector contracts expired. Only 4.27 [percent?] in that category now have a new contract ready (in practice, only the semigovernment employees). Local, regional, and hospital entities are almost ready to have their contracts (37.49 percent of the category). The railroad workers, the post office, telegraph, and telephone workers (13.49 percent of the category) are about to start negotiations.

Wage demands. The wage demands are being spelled out for all of the new contracts. The broad outlines for all of the categories will have to be these: contract on 120,000 lire for 1979, 59,000 lire per month for 1980, and 85,000 for 1981. The average will be around 50,000 lire per month.

A CROWDED CONTRACT JUNGLE

Category	1976-1978 Contract	1979-1981 Contract
Non-economic semigovernment public entity employees	Stipulated and made effective by decree	Stipulated and made effective by decree
Total number of workers with contracts in 1976-1978 and 1979-1981		
Local entity employees (communities, provinces, etc.)	Stipulated and made effective by decree	Negotiations in progress (agreements outline signed on 4 April, 1980)
Regional employees (regions, regional entities, etc.)	Stipulated and made effective by decree	Negotiations in progress (agreement outline signed on 4 April, 1980)
Public Hospital Workers (agreement now extended to private hospital workers)	Stipulated and made effective by decree	Negotiations in progress
Total number of workers with contracts in 1976-1978 and negotiations in progress on 1979-1981 renewal		
Railroad workers	Stipulated and made effective by law	Negotiations soon; meetings on railroad reform launched
Government post office, telegraph and telephone workers	Stipulated and made effective by law	Negotiations soon; debate held on reform of post office, telegraph and telephone system
Total number of workers with contracts for 1976-1978 and negotiations not started on 1979-1981 renewal		
Monopoly employees	Stipulated and held up in parliament (bill no 737)	Negotiations not started
Government employees (employees of ministries and peripheral government offices)	Stipulated and held up in parliament (bill no 737)	Negotiations not started
Education employees (teaching and support personnel)	Stipulated and held up in parliament (bill no 737)	Negotiations not started

Changes in Family Allowances

Cagliari L'UNIONE SARDA in Italian 11 May 80 pp 1, 2

[Article by Gianni Ugolini: "Private and Public Employee Family Allowances Doubled"]

> [Text] Increase of 50 percent as of the month of July and 100 percent as of October. Document issued jointly indicates broad outlines of fight against inflation, negotiations on public employment, taxation, pensions, and the South. Situation of SIR examined within context of chemical industry problems--hope for specific implementation of accords.

The meeting between the administration and the labor unions was a real marathon which, however, ended to the satisfaction of both sides. The "Second Cossiga government" gave the go-ahead for Operation Family Allowances: a 50 percent increase for children and wives of private and public employees and retirees as of 1 July 1980 and double that figure as of 1 October 1980 (see the table below). Any further adjustment as of 1 January 1981 will be taken care of through forms of solidarity among the workers themselves. Considering that a large portion of the 18 hours of talks were devoted to it, this is perhaps a somewhat worn agreement.

Worn, because it is necessary. The outcome of the family allowance issue as a matter of fact represented a real "panacea" as a matter of fact for the administration and even much more so for the CGIL-CISL-UIL and perhaps it will also be good for the country, at least so it is hoped. The dialogue between the administration and the labor unions has now been interrupted far too long. The economic crisis does not permit any further postponements. The "Second Cossiga government" from here on in wants to examine the country's most urgent problems together with the social forces. And it could not have done this with the labor unions in a position of justified opposition.

Everything was covered during the 18 hours of discussion: the industrial sector, employment, public employment contracts, income distribution. There was much talk on this last-mentioned point. Now that unity has been restored, at least outwardly, within the labor union movement (which can be deduced from the conclusions which this morning's united steering committee meeting arrived at), the "top leadership" of the CGIL-CSIL-UIL will have to launch a widespread discourse with every single category and in particular with those which are currently negotiating their enterprise contracts. They will probably be asked to scale their wage demands down. The same approach perhaps will be used during the coming meetings on public employment (local and hospital entities), especially because the government has stressed its

"own decision to keep the sector deficit within the limit of 40.5 trillion indicated at the time."

The most important aspect of yesterday's meeting is that the parties will provide reliable "continuity" for relationships in the course of which they will take up the major issues of economic and social life. Nothing specific has been done so far but there is a commitment to meet shortly because there are so many issues to be taken up and all of them are extremely urgent. The administration, the unions, and Confindustria will try to draft an economic policy capable of coping with the current economic and structural problems within the context of the revival of planning policy, also with a view to having the administration draft the previously announced medium-term program which it will submit by 30 June.

Here, now, in summary is the content of the "joint document" issued by the administration and the labor unions.

Fight Against Inflation

The administration and the United Federation agreed on the priority character of the fight against inflation as a condition for guaranteeing the continuity of economic growth and employment, thus avoiding recourse to restrictive policies and they agree that only a rigorous policy can counteract the inflationary expectations.

Taxation

Concerning this topic, the administration and the unions took note of the tax deductions for 1980, approved by the finance law last April, for the benefit of the workers.

For the year 1981, the parties agreed to examine the problems of tax equalization, in relation to the 1981 finance law, both with regard to the progressive tax rate and with respect to the consideration of family nuclei for tax assessment purposes. On this matter, the administration and the United Federation will meet during this coming month of June for a pertinent conference. During that month likewise the administration and the United Federation will conclude the conference on the reorganization of the financial administration and on the steps connected with a more effective fight against tax evasion.

Public Employment

In this sector, negotiations will be continued toward a rapid conclusion of contract renewals for the workers employed by the local and regional entities and the hospital workers.

These negotiations will be carried on continually as of Monday, 12 May 1980, in the context of the points of compatibility outlined between the administration and the CGIL-CISL-UIL Federation.

The parties furthermore underscored the fundamental importance of the model law on contract negotiations for public employment, pledging to support the requested passage of that law according to the understandings that were worked out in order to create certainty in this sector.

The bill on 1976-1978 public employment contracts, now under discussion in the senate, will have to be brought in line with the logic of the agreements worked out between the administration and the unions in all of its parts.

Pensions

As far as the pension reform bill is concerned, it was agreed that the administration would support the bill now being debated in parliament as well as the relative criteria behind it, as spelled out together with the labor union and, together with the United Federation, it will examine further proposals presented by the unions.

Hiring

In the matter of active labor policy, the administration and the United Federation scheduled a meeting to examine the proposals for unemployment benefit coverage and updating on the basis of the bills being debated in parliament.

The South

The most urgent and serious issues pertaining to the points of acute crisis in the South were taken up during the meeting, in particular:

The situation in the fiber industry, with special reference to Montefibre and SNIA for the purpose of guaranteeing the continued output of establishments currently operating in the South as well as present employment levels, also with possible additional actions of a public nature; this objective will be included in the fiber plan;

The situation of the SIR consortium programs and of the special administration for Liquigas-Liquichimica, underscoring the need for making up the delay in the financial solutions and in the subsequent launching of management programs as such; the United Federation underlined the need for supporting the management effort of the ENI [National Hydrocarbons Agency] concerning these activities;

The situation in the component industry within the context of a program for electronics and the prospects of establishing a consortium;

The action of GEPI in the enterprises in trouble in the South which have asked for such action.

The parties finally agreed on the need quickly to draft a program of specific actions for Calabria and for the Neapolitan area and to spell out the methods involved and they agreed to hold a meeting on that score. Actions already agreed upon have been confirmed for the zone of Gioia Tauro and the Province of Reggio Calabria.

Change in Allocations

	Current Amount	July 1980 (up 50%)	October 1980 (up 100%)
Dependent wife only	9,880	14,820	19,760
Wife and one child	19,760	29,640	39,520
Wife and two children	29,640	44,460	59,280
Wife and three children	39,520	59,280	79,040
Wife and four children	49,400	74,100	98,800
Wife and five children	59,280	88,920	118,560

Confindustria Criticizes Family Allowances

Bari LA GAZZETTA DEL MEZZOGIORNO in Italian 16 May 80 p 2

[Text] Confindustria has now come out into the open with comments on the agreement worked out last Saturday between the administration and the labor unions concerning the doubling of family allowances. It did so in a critical note disseminated at the end of the management board meeting which gathered yesterday at the EUR to prepare for the meeting which the manufacturers are going to have next week at Chigi Palace with Premier Cossiga and the economic ministers.

According to Confindustria, the agreements between the administration and the unions increase the current inflationary burden and therefore "are not in line with the restated administration commitment toward an anti-inflationary policy."

The managing board met for the first time under the chairmanship of Vittorio Merloni who was elected to the top post in the confederation on 5 May.

In its note, the board alerts the administration, the political forces, the social parties, and public opinion "to the progressive deterioration of

the economic situation with preoccupying prospects in short-range terms." Confindustria in substance maintains that, with a rate of inflation exceeding 20 percent, "and the mechanisms of the sliding scale in full swing which, together with the contract renewals, guaranteed an increase in pay which is perfectly geared toward inflation," these first few months of 1980 "have brought an accentuation in the negative trend that emerged during the second half of 1979."

In the opinion of the manufacturers, dynamics of costs and prices as a matter of fact assume "excessively high" aspects, both in absolute terms and in relation to the tendencies expressed in the most directly competitive countries.

Contrary to expectations, the board did not yet proceed to the appointment of the general manager to take the place of Paolo Savona--the candidate mentioned most frequently is Alfredo Solustri who has been acting general manager since 7 May--postponing the appointment itself to the next meeting scheduled for 5 June, together with the confederation board which will precisely be devoted to an analysis of the setup of management structures in Confindustria.

Lack of Inflationary Controls

Naples IL MATTINO in Italian 11 May 80 p 1

[Article by Corrado Martucci: "Together Against Inflation"]

[Text] The meeting between the administration and the unions did not begin under the best conditions. There was, above all, because of the earlier numerous postponements, an atmosphere of skepticism, the kind of skepticism which in Italy is much more damaging than any frontal opposition. There was political suspicion since, according to highly authoritative opinions, considering the conditions we find ourselves in, it is impossible to have a dialogue with the unions, except if there is an administration including the communists; and then there was the tension created among labor by the preoccupying decision taken by FIAT to put 78,000 workers on unemployment benefits.

Perhaps this last element was the least valid, according to all logic, when it comes to justifying the increasingly rigid labor union attitude toward the administration since this is not the counterpart of the workers in the "FIAT top management." As a matter of fact, this did not in any way disturb negotiations the other night. But the exact opposite phenomenon perhaps emerged: the dramatic situation of FIAT--apart from the judgement on circumstances, methods, and timing involved in the initiative taken by this industrial establishment--was taken, during the course of negotiations, as

a thermometer indicating the general situation, certainly not as a bugbear but surely as a warning to the labor unions but simply and perhaps above all for that huge deficit enterprise which is represented by the Italian state.

The administration thus managed to get the unions to share in the commitment not to exceed the deficit of 40.5 trillions; this is above all an obligation toward itself, in view of spending for the public employment sector, while the unions demonstrated that they wanted to fight (as the Socialist Minister Manca revealed) against this ball-and-chain on the country's economy: insufficient productivity, caused in part by absenteeism which the public sector, like a virus, has passed on to the private sector.

The meeting between the Second Cossiga government and the union marked the beginning of the dialogue, a dialogue which promises to be constructive. The reciprocal rigid positions were toned down, not in search for a common compromise, but with the objective of working out a planning policy, even though it may be a short-term policy, as was stressed in order to exorcise the grotesque phantoms of the past. And since there is no planning based on inflation, which eats up any project, even a short-range one, it is important to make sure that the parties, without any reservations on this point, agree that the indispensable premise for any dialogue, for any negotiations, for any undertaking, is the fight against inflation.

The symptoms, in summary, are encouraging, although we are just taking the first steps. There remains the unknown represented by the "autonomous" unions and how their behavior can influence the reasonable attitude of the confederation members.

Problems in Financing Agreements

Naples IL MATTINO in Italian 12 May 80 p 2

[Article by G. D. G.: "Government Seeks 3 Trillions"]

[Text] The administration has a little more than a month and a half to find the financing necessary to cover the costs of the agreement with the unions. By the end of June, as a matter of fact, we should know the "real" economic program in whose drafting the social forces will also be called upon to cooperate. The first, approximate figures indicate a cost of about 700 billion to double the family allowances, 800 billion for contract renewals for the 450,000 hospital workers, and 1.8 trillion for the "hole" which next year will be caused by the increase in tax deductions. That adds up to a total of about 3.3 trillion to which we must add the expenditures for the new contracts of government workers, employees of local entities, railroad workers, and other worker categories which are numerically no smaller.

The government undoubtedly faces a heavy commitment but it is unthinkable that, during the course of the long-drawn-out negotiations with labor union organizations, the problem of how to get that money was not discussed. It would be really absurd if one would once again have to put the touch on the taxpayers, "slapping them" with high taxes and forcing them to go into real "self-financing" of benefits obtained or promised. Finance Minister Reviglio spoke out against this assumption which, if it were to come true, would take almost any positive meaning away from an agreement worked out so laboriously; the minister has already done some figuring for himself. "Because the ceiling of 40.5 trillions in the public deficit is considered to be absolute and firm, any additional spending," said the minister, "will have to be financed from real funds, that is to say, without further feeding inflation. However, 1 trillion will be raked in through recovery of funds from tax evasion while another 800 will be added to the 1981 budget. For the year 1981, we will have to find 700, but we will talk about that in June, after we have made sure of the actual yield from the VAT and the results of the fight against tax evasion."

It is probable that the administration might want to show some additional concern also in order not to encourage the worker category labor unions to ask too much during the contract renewals and in their enterprise demands. The admonition is particularly aimed at the public employee labor unions (hospital workers, government workers, and employees of local entities) and those of the metalworkers who, in the case of FIAT, asked for an average monthly increase of 47,000 lire. And it is also directed at the "autonomous ones" which, following the meeting in Chigi Palace, further broadened the protest front, either because they were excluded from the negotiations or because they do not consider the results attained to be "acceptable." The most dissatisfied seem to be the hospital workers of CISAS but the ferment is very strong also in the schools and the ministries.

Unresolved Issues

Naples IL MATTINO in Italian 12 May 80 p 2

[Text] Hospital Workers

According to CISAS, the administration agrees with the three confederations in wanting to impose upon the workers "a contract that runs counter to the interests of this particular worker category, pushing the autonomous organizations out of the way and to the sidelines for this purpose." CISAS did not want to sign the minutes of the understanding prepared by Civil Service Minister Giannini and moved the general strike, scheduled for 16 May, up to Sunday. The protest will coincide with the resumption of negotiations for hospital workers between the confederations and Minister Giannini.

Schools

Threats of stopping examinations and holding up grades are coming both from the teachers in the SNALS and from the acting principals. The latter want permanent status without counting the years of service [seniority] through a competition for the positions as such and not through a selection interview as provided for by law. The SNALS teachers are today starting a long phase of strikes during which they will only teach classroom sessions but will not hold meetings on textbook selection.

Government Workers

UNSA [Autonomous Unions of Finance Ministry Employees], the autonomous union for this category, proclaimed a regular strike today, to be started on 19 May, in order to demand the rapid conclusion of contract negotiations. On 19 May, this worker category will refrain from going to work.

Railroad Workers

Agitation by train personnel of FISAFS, who, until Friday, will cause trains to start with a delay of one hour, is being continued. As of 2100 tomorrow, and until the same time on Tuesday, the protest will involve station personnel.

Future Government--Union Relations

Naples IL MATTINO in Italian 12 May 80 p 1

[Article by Ugo Indrio: "New Tone in Dialogue"]

[Text] The agreement worked out on 10 May between the administration and the unions is important from the political viewpoint because of the restoration of continuity of relations between the government and the unions which had been interrupted and from the labor union angle because of the success achieved by the unions.

The text of the agreement signed after 19 hours of meetings at Chigi Palace was to have been approved Saturday morning by the steering committee of the CGIL, CISL, and UIL Federation summoned the night before; it was Lama who phoned Cossiga that ratification was unanimous. It is well to recall that, in April, there had been a rather noisy initiative involving a self-arranged summons to Florence of several hundred dissidents, many of whom were present in Rome on Saturday. Among others, there were Giovannini and Lettieri; but nobody spoke out against the agreement that had been arrived at; regardless of what they may have been thinking, the dissidents realized that they would have been isolated.

Some people may say that the outcome of the marathon meeting on Friday was definitely influenced by the closeness of administrative elections and the need for the administration to restore the dialogue with the unions. That was what the Christian Democrats as well as the socialists wanted and the latter had to bring the influence of their presence in the administration to bear immediately along with the Republicans who supported a line aimed at the social pact. An outstanding role during the Friday meeting was played, by common admission, by Budget Minister La Malfa whose analysis of the general economic situation was termed "correct and rather new" by the socialist Marianetti, especially in comparison to the preceding presentations (Marianetti did not say so but the allusion to the rigidity of La Malfa's predecessor Andreatta was quite obvious). But La Malfa did not deviate from the other principle--so dear to the Republicans--in the fight against inflation. He presented the final emphasis for the report dealing with the ceiling on the overall public deficit which must not be exceeded. Nor must we overlook that subparagraph which--dealing with the possibility of indexing family allowances after 1 January 1981--makes reference to financing through "forms of shared liability among the workers" (there was an allusion to the CISL proposal to allow, for this purpose, one point for every five clicks on the sliding scale).

From the viewpoint of the socialists--who in yesterday's issue of AVANTI emphasized in their headline the revival of the dialogue between the administration and the unions and the start of permanent consultations--the thing that counts is the opening of the new phase. Beyond headlines, Marianetti's statements to the steering committee and the article by Confederation Secretary Ceremigna in yesterday's issue of AVANTI demonstrate lack of confidence regarding the further developments of this new phase in terms of relations between the administration and the unions, not only because it is still necessary to clear up the basic ambiguity concealed in the general economic program--which yet remains to be agreed upon--but also because there is concern as to the attitude of Confindustria and the highly iffy messages from the big industrial establishments, such as FIAT and Olivetti.

The Communist Party organ, in contrast to the socialists, with rather subdued and even bureaucratic overtones reported the success of the labor union federation (and this can be understood in view of the position of the Communist Party which was excluded from the government team). Lama's attitude, according to his own words, is to be "balanced but not crowing." Undoubtedly however the thing that pleased Lama (as well as Carniti) most of all was the complete disappearance of the Florence challenge in the Saturday steering committee meeting.

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POLITICAL LEFT REACTS TO NEW GOVERNMENT-LABOR UNION ACCORD

Communist Reaction

Rome L'UNITA in Italian 11 May 80 p 1

[Article by Pasquale Cascella: "Union Claims Success in Fight for Greater Benefits"]

[Text] Commitments on pension reform and "crisis points" in South; indications on crucial points in economic policy must be verified.

The accord between the administration and the labor union was finalized yesterday, in the wee hours of the morning, after a 19-hour marathon. The document finally agreed upon approves the doubling of family allowances, agrees to parliament's decision on doubling the tax deductions, provides for a maximum increase in public employment contracts, and restates the planning and reform objectives. Obviously, all that glitters is not gold; along with the good things, revealing reliable results, there are declarations of intention and working assumptions all of which remain yet to be verified and all of which involve the "crucial" points of employment, the "crisis points," the South, and the fight against inflation. Nevertheless, the general picture which the steering committee was able to come up with yesterday morning is definitely positive. "This is a success in the struggle of the workers," says the agenda through which the understanding was ratified unanimously.

"Ours," said Lama, "is a balanced judgement: not triumphal but constructive." This marks the beginning of a new and "intensive" phase of confrontation on the unresolved issues in economic policy. The document agreed upon here presents the basic outlines which commit both parties "within the sphere of their own responsibilities and determinations." This already constitutes a result in itself. Carniti talked in terms of "a significant innovation in practical relationships between the administration and the labor union." For Benvenuto and Larizza, of the UIL [Italian Union of Labor] this signifies a "turning point." Looking at the situation more realistically, CGIL [Italian General Confederation of Labor] deputy

secretary-general Marianetti revealed that, in spite of this "concrete desire for getting together," there remains an element of "ambiguity" in the economic policy line as a direct consequence of the lack of spelling out the program between the political forces which formed the majority.

"Resistance and opposition to change," Garavini maintained in the steering committee report, "still remain to be defeated." This is confirmed by the revival of the neo-free-trade policy and the refusal to go into planning on the part of the new Confindustria [General Confederation of Italian Industry] president. New alarm signals are coming in as a result of the events at Olivetti and the "FIAT case." And, Marianetti underscored, it is not entirely devoid of significance that so far there has been no dissociation, within the administration, from the offensive launched by Confindustria. "This is an element of uncertainty which weighs heavily, a compelling problem."

The understanding worked out yesterday morning thus represents the acid test for what the government really wants to do. On all points agreed upon. Here they are in summary.

Taxation and Family Allowances

The tax deductions adopted by parliament on request of the labor union will begin to be computed as of this month's pay envelope. The progressive mechanism to be used in the adjustment of family allowances will take effect as of 1 July when the current figure of 9,880 lire for the wife and each child who are dependent upon the employed worker as well as retirement pensions will go up to 14,820 lire. Allowances will be doubled by 1 October to a figure of 19,760 lire for each family member.

The problems of tax equalization will be taken up in 1981, both with regard to a progressive tax rate and with respect to income exempt from taxation in relation to family financial burdens. A pertinent meeting has been scheduled for June.

The further adjustment of family allowances as of 1 January 1981 can be accomplished through forms of solidarity among the workers ("let us start discussing things," Lettieri and Lama maintained).

Public Employment

"Fast conclusion" of contract negotiations involving employees of the local entities, as well as the regional and hospital entities. The document underscores the "fundamental importance" of the model law on public employment. The government, for its part, has pledged to bring the legislative provisions on the old contracts--amended in parliament through amendments

creating automatic promotions--in line with "the logic of accords" already worked out.

Pensions

The "criteria behind" the reform, agreed upon 2 years ago with the labor union, were confirmed and the "latest proposals submitted by the United Federation" will be discussed.

Crisis Points

Continuation of production, guarantee of employment levels, sector plan--these are the firm points for public action at the crisis points in the fiber industry (Montefibre and SNIA). The demand for making up the delay concerning the SIR Consortium, the special administration for Liquigas-Liquichimica, the definition of the plan for the component industry, and the action by GEPI [Industrial Participations and Management Company] in the establishments that are in trouble in the South was also reaffirmed. "Precise" action programs will have to be agreed upon for Calabria and for the Neapolitan area.

"On these topics and all of the coming meetings," Del Piano, of the CISI [Italian Confederation of Labor Unions] maintained, "there is going to have to be brisk action and we are really going to have to bear down on this; there cannot be just some kind of consultation relationship with us." Yesterday's agreement thus "is not one of truce," Lama maintained.

Socialist Commentary

Rome AVANTI in Italian 11-12 May p 1

[Article by G. L.: "Dialogue Between Government and Labor Unions Revived"]

> [Text] Prospects for a policy of constant collaboration on central problems of economy now opening up. Initial specific accords--moving toward permanent consultations. The agreements worked out during the long meeting involve family allowances, taxation, pensions, employment crisis points, and the planning method.

Positive conclusion of summit meeting "on income," "deadlock" on public employment resolved; administration committed to rapid confrontation on most serious "points of crisis" in the South (Neapolitan area, Calabria) and on topics pertaining to the labor market, youth employment, pension reform; finally, commitment to continuing consultation with labor unions during the medium-term economic policy program drafting phase. The 18-hour marathon between the administration and the United Federation ended at

0500 yesterday with a positive success and the steering committee of the CGIL, CISL, and UIL--reconvened for the morning after the long wait on the day before--took note of this with pleasure.

The short, unanimously approved agenda, following a debate which revealed very broad agreement on positions, makes a distinction between two aspects of the minutes of the understanding signed by the representatives of the government and the United Federation.

Concerning taxation (the deductions for 1980 were already approved in the finance law and, in 1981, the problems of tax equalization will be examined from the twin aspect of a modification in the progression of tax rates and the "consideration of family nuclei for the purpose of tax assessment") and the doubling of family allowances for children and wives (in two steps, that is, 50 percent as of 1 July 1980 and 100 percent as of 1 October, this year), the steering committee asserted that it considers the results achieved here to be "a success in the struggle of the workers"; through them "we define a first phase of labor union initiative aimed at the objectives of equalization and equality."

The steering committee furthermore took note of the commitments assumed by the administration "concerning a rigorous confrontation to take place soon regarding the most serious crisis points in the South, the labor market and youth employment, pensions, the conclusion of public employment contracts" and it urged all labor union structures "to implement the closest relationship with all workers in order to make proper use of the results achieved during the negotiations with the administration and to support the intensive phase of confrontation which, starting within the next several days, will involve the crucial issues of employment, sector programs, and economic policy."

The debate, introduced by an informative report presented by CGIL secretary Sergio Garavini, concerning the results of the meeting in Chigi Palace, as we said, was characterized by largely homogeneous accents. Along with the general satisfaction over the results obtained in particular concerning family allowances (except for a delay in terms of time, quite in keeping with the initial request of the labor union), there was widespread appreciation of the method launched in the form of the meeting in Chigi Palace which seems to differ from the others by virtue of the greater concreteness and seriousness of the long series of meetings with earlier administrations.

CGIL deputy secretary-general Agostino Marianetti observed that, in breaking with long-standing tradition, Minister of Budget La Malfa avoided emphasizing the topics of labor cost and the sliding scale. Instead, there now emerges a commitment to a confrontation with the labor union on the "crisis points" not only on the overall economic policy strategy which is implemented not only through decisions made earlier, but also the phase of drafting

government decisions. But not everything is "hearts and flowers." Marianetti noted that the good intentions expressed should be worked out, point by point, that the economic policy outlines for the time being appear rather uncertain as yet, especially regarding employment and the South and that, finally, there is heavy pressure from sectors of business and industry aimed at frustrating the projects for the revival of planning although this is not opposed and perhaps even backed up by some sectors in the administration (earlier, Gerardini had mentioned the case of the rather preoccupying and reticent speech by Industry Minister Bisaglia to the Confindustria meeting). Consequently, it is necessary to develop the labor union initiative, to strengthen the relations with the workers, and to get ready--also as a labor union--for a confrontation on economic policy with clear ideas and well-defined objectives.

The new fact in the government's inclination to "establish an organic relationship with the labor union movement, starting with the definition of economic policy strategy outlines," was underscored by UIL secretary Pietro Larizza as a positive thing, capable of rendering the revival of planning credible. Both Lama and Carniti said that, although this is no time to indulge in a victory dance, the agreement worked out nevertheless must be followed up without any neglect or downgrading.

Confindustria Criticism

Rome IL FIORINO in Italian 16 May 80 p 2

[Text] Confindustria came out into the open on the accord arrived at last Saturday between the administration and the labor unions concerning the doubling of the family allowances. It did so with a critical note disseminated at the end of the managing board meeting held yesterday at the EUR [labor union headquarters] in order to prepare for the meeting which the manufacturers are going to hold next week at Chigi Palace with Premier Cossiga and the economic ministers. According to Confindustria, the agreements between the government and the labor unions only add to the current burden of inflation and therefore "are not in line with the reconfirmed government commitment toward an anti-inflationary policy."

The managing board, which met for the first time under the chairmanship of Vittorio Merloni, who was elected on 5 May at the confederation's summit meeting, devoted a large part of the meeting to an examination of the economic and production situation, on which it expressed a series of concerns. Contrary to expectations, the managing board did not yet appoint the general manager to take the place of Paolo Savona--the candidate mentioned most frequently is Alfredo Solustri who has been acting general manager since 7 May--postponing the appointment as such to a coming meeting scheduled for 5 June, together with the confederation board which will be

devoted precisely to the analysis of the setup of Confindustria's management structures.

In its note, the board first of all alerts the government, the political forces, the social parties, and public opinion "to the progressive deterioration of the economic situation with preoccupying prospects in short-range terms." Confindustria in substance maintains that--in view of a rate of inflation exceeding 20 percent and the full operation of the sliding-scale mechanisms which, together with the contract renewals, guaranteed an increase in pay that is perfectly in line with inflation--these first few months of 1980 "have brought an accentuation of the negative tendencies that emerged during the second half of 1979." In the opinion of the manufacturers, the dynamics of costs and prices as a matter of fact assume "excessively high" aspects, both in an absolute sense and in relation to the tendencies expressed in the countries that are Italy's most direct competitors.

The note later on asserts that "the by now sure symptoms of weakening in the international demand make the presence of the Italian enterprises on the market more complex. As a matter of fact, the competition indexes show that the deterioration begun during the last months of 1979 [is continuing]." As far as the manufacturers are concerned, the dynamics of costs and prices as a matter of fact assume "excessively high" aspects, both in an absolute sense and in relation to the tendencies expressed in the countries that are Italy's most direct competitors.

The note maintains further on that "the by now sure symptoms of weakening in the international demand make the presence of the Italian enterprises on the market more complex. As a matter of fact, the competitiveness interests show that the deterioration, begun during the last months of 1979, is getting worse during this first part of 1980."

According to Confindustria, on top of the negative effect on the demand for exports of Italian products, "we also have a further production restriction effect; the prolonged phase of expansion in the demand and in domestic inflation could make imports increasingly convenient, with a further deterioration in the balance of trade which, within a span of only 5 months (from November 1979 until March 1980) shows a severe deficit of about 7 trillion lire."

The managing board then discussed the proposals to be submitted next week to the government "as a contribution to the definition of the actions which are structurally significant." Industrial circles however continue to be reserved regarding the content of these proposals.

At the end of the meeting, chairman Vittorio Merloni announced to the managing board the functions assigned to the vice president: Guido Artom was put in charge of economic relations; Enzo Giustino was to be vice president in charge of internal relations; Walter Mandelli was to be put in charge of labor union relations. Merloni himself would directly handle external relations.

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NEW MEZZOGIORNO POLICY DELINEATED AT DC NAPLES CONFERENCE

Major Themes of Conference

Naples IL MATTINO in Italian 12 May 80 p 1

[Article by Giovanni Di Capua: "Roots, Delays, and Renewal"]

[Text] The democratic fabric of this pluralist society of ours can be rearranged on the basis of autonomism. If the system of autonomies breaks up or is used as a power against the united state, then Italian democracy runs the risk of not having a future.

On these principal convictions rests the Christian Democratic recovery of a culture of its own and a political experience extending from the remote roots in order to put through an evolutive line which, through the exultation of the constitutional setup of local entities, will help strengthen democracy in Italy.

The Christian Democratic Party is refining its own ideas and its own autonomous program; it is obviously asking the voters to confirm it as the central force of Italian democracy and to give it more votes than 5 years ago; but with a clarity not explicit during other times, it underscores the fact that it does not consider itself an exclusive force for the guarantee and expansion of liberty in Italy.

Going back to the topics and methods which characterized the De Gasperi and Moro-Doroteo commitment, the Christian Democrats, with a self-critical spirit which is not excessively cultivated by the other political formations, on the contrary display the limitation of a party which, although it is rooted in civil society, cannot by itself perform functions which instead boil down to vaster and convinced solidarities. The Christian Democratic secretary hastens to admonish the Communists not to fan the flames of antigovernment polemics because the DC [Christian Democratic Party] again linked up with the Socialist Party in the spirit of recovery of the line of national solidarity which was devised by Aldo Moro.

The renewed proposal of confrontation and a spirit of tolerance--so typical of the culture of the Catholic Christian Democrats who were trained in the school of De Gasperi and Moro--comes out clearly in the invitation extended by the DC, and rejected by Piccoli as well as Forlani, to conduct a calm and peaceful election campaign, free of morally execrable scandals as well as (real or presumed) scandals denounced and centering on the content of a policy which defeats the armed party once and for all and raises relationships between parties to convinced and reliable civil levels.

The Christian Democratic unity which was built recently around the Cossiga cabinet seems to be able to consolidate around this revival of ideal and political motivations which provide fertile soil for the more authentic image of the party of the people which the DC loves to claim for itself during the most difficult moments. This refinement of program contents, coordinated with an open vision of the relationship between the political forces (closer to the line of national solidarity in terms which were interrupted by the Communist pullback rather than that of the old center-left) could also, after the elections, reopen the chapter of the internal management of the Christian Democratic Party. The speeches delivered at Naples by Forlani, Piccoli, and Prandini turned out to be as many signals in this latter direction.

A united election campaign, fought on theoretical and programmed points on which there is manifest a united convergence of all Christian Democratic currents, and constitute a useful field of verification when it comes to eliminating the divisions which, among other things, contradict the debate of the last congress involved. Provided that the election polemics and the interests of the other parties do not condition internal events within the DC to such a point as to alter the present intentions of its most representative members.

Review of Major Addresses

Rome Il POPOLO in Italian 11 May 80 pp 1, 2

[Article by Guiseppe Sangiorgi: "Christian Democratic Party for Civil Confrontation on Autonomies"]

[Text] Naples. The party's organizational machinery arrived at Naples, in a new phase, following the Brescia convention and the CN [National Council meetings] devoted to the autonomies, as part of the commitment toward the elections. Forlani and vice-secretary Donat-Cattin, among others, spoke at Mostra d'Oltremare, in a room crowded with cadres working in the field.

They recalled the general problems facing the country. It was then up to Vincenzo Russo, Ferrari Aggradi, and Prandini to place them within the context of the real situation encountered by the southern local entities.

Forlani, chairman of the National Council, forcefully underlined the determination of the DC to get ready for "a correct and civil confrontation with the other political forces, without any polemical stress and strain for the country." "Public opinion," Forlani said further, "will be involved on the specific topics of local autonomies which are the object of the coming elections."

In addition to these specific topics, there is no doubt however that the many dramatic aspects of the country's reality will in the end have repercussions in general political terms also in this election campaign. What are those aspects? From the international aspect to terrorism, from the country's economic and social conditions to the confrontation with the Communists--along this entire vast range of problems, Forlani explained the positions of the DC; he emphasized the correct decisions that were made and he did not overlook the criticisms directed against the party; he pointed up the conditions and objectives of the new stretch along the road which we all are called upon today to travel in the interest of the country.

On the international scene, there is one single fact which everyone has his eyes on: how the situation in recent months managed to reach such a risky level as today. If it is unacceptable--Forlani said--for the Soviet Union, breaking with the turning point achieved at Helsinki--should once again wish by force to modify the international equilibriums, as in the case of Afghanistan, then it is up to Italy to be an active country in restoring European and Atlantic cohesion and solidarity. More strength is needed, not to trigger dramatic clashes, but to be able to resume the encounter and the dialogue which are necessary for detente in this world.

Domestically, Forlani again proposed the need for strong national cohesion, for a spirit of authentic solidarity in order victoriously to go into the very tough battles, such as the battle against terrorism. Passages in his speech dealing with Aldo Moro were repeatedly interrupted with long applause; there was an awareness that the drama of Moro had matured through a struggle against terrorism which will have to be a fight without quarter, avoiding any kind of yielding on the part of the state.

Turning to the communists, Forlani asked them to measure their real democratic nature against all of the issues that are so decisive to the country's life. On these issues, the DC seeks maximum solidarity and shared democratic responsibility, along a line which must not lend itself to any equivocation and which saw the DC in a different and alternative position with respect to the tasks of government. Ever since post-war times, Forlani said, many years back, it has always been the PCI [Italian Communist Party] which had to admit that our basic choices on the national level were correct.

Forlani finally asked the voters, during the coming administrative elections, to reward the democratic coherence of the DC. The situation of the alliances in many local entities, he recalled, can demonstrate how instrumental and grotesque the charges are which the other parties are making against the DC regarding relations with the communists. These are accusations which come from parties that are ready to work both sides of the street while holding on to their positions on the central level and the local level.

The convention now in progress at Naples--which will be concluded today with a speech by secretary Piccoli and a round-table discussion on the prospects of the southern regions--is entitled "From Autonomy to a New Policy of the DC for the South." At Naples, the party once again called attention to its traditional twin identity: on the one hand, it is a party of autonomies and, on the other hand, it is a great force of harmony with the customs, the problems, and the expectations of the South.

There is a commonly shared conviction that the system of autonomies is going to be developed fully in order to release every possible energy and every possible resource in the local situations, in keeping with the country's general requirement. That was the central topic of the speech by Vincenzo Russo, minister for regions. The link between regional planning and national planning is going to be made stable and systematic; after 8 June, the government intends to promote--Russo said--a national conference which would revise that exigency and would render it specific.

Prandini, who is in charge of the party's local entities office, pointed up, as the main requirement, the need for making sure that southern regionalism will not be isolated from the national context. "To rescue the South," Prandini said, "we must pursue a policy of individual regions which would harmonize with the line of the more general industrial policy, of labor, of mobility rates, and of full employment."

The development of the autonomous units of government primarily involves a correct local and regional finance policy. Ferrari Aggradi, in charge of the economic office of the DC, recalled that it is up to the government to give all of the country's zones an adequate level of public services; but it is also up to the local entities to call upon the citizens to pay for the increased supply of services, if, in their territory, they want to increase the volume of these services.

The work of the convention was introduced by Naples DC provincial secretary Accardo, by regional secretary Clemente, and by the president of the Campania region, Cirillo. The topic of southernism, of its development, was again taken up by Rende, the official in charge of problems of the South, and by all of the local leaders who spoke up during the debate in the afternoon. The following, among others, spoke: Nicola Mancino, Antonio Perelli, Perugini, Marozzo, former Naples mayor Milanesi, professor Pace, Derango, Guarino, Salvatore Martesano, and Eduardo Zampella.

Gabriella Ceccatelli, national delegate of the women's movement, also addressed the meeting. "The party's commitment in supporting women candidates," Ceccatelli said, "will be the acid test of the possibility of the DC to go along with anything new that is stirring in the South, where women have rapidly developed an awareness that they are a full civil subject."

Arnaldo Forlani Opening Address

Naples IL MATTINO in Italian 11 May 80 p 16

[Article by Enzo Carra: "Forlani Confirms Christian Democratic Party Commitment: No Board With Communists"]

> [Text] The political significance of the voting on 8 June, the DC chairman said, springs from the "serious risk" inherent in the current international situation.

The election campaign is now in full swing and Naples represents one of the toughest tests for the DC. In opening the second Christian Democratic convention on local autonomies, after the Brescia meeting, Forlani nevertheless prefered to skip over the strictly propagandistic aspects. He confined himself to saying--in the great hall of Mostra d'Oltremare--under the gaze of Antonio Gava and Gianni Prandini (Donat-Cattin, who was expected only in the afternoon, arrived on the dot at 1830, when some of the others had already figured that he would not show up) that the communists indeed are much better than the Christian Democrats at organization and propaganda, partly because they retain the skimmings of a certain, not exactly democratic spirit, and partly because the DC is a little bit behind on that score. But this time, the Christian Democratic chairman said, this time, after 30 years of peace, the situation entails a "grave risk" and the administrative elections have "a profound political significance" (and when did they not have such a meaning in the past?); this time, in summary, one must talk about foreign affairs "under full sail." It is necessary to tell the "disheartened" electorate that there is still a "point of reference at the center, a sure and resolute point of reference."

That was the only really propagandistic thrust in the speech by Arnaldo Forlani. After that, apart from the polemical notes which were heard at Brescia, with the bitter debate on the "healthy reactionary gust of wind" had been laid to rest, the Christian Democratic chairman confined himself to observing that the Communist Party, in the local administrative elections, "when it did well, did the same thing the DC was doing," but, otherwise, it did less well in the old administrations which were swept away by the "lesson" of June 1975.

Forlani preferred to emphasize the lines for the present and for the immediate future. In the present, there is the central nature of the

Christian Democratic Party (with a few harsh messages referring to the intermediate forces and their anti-Christian Democratic polemics), whereas the future involves the way in which one will be able to govern in the local boards after 8 June. Above all of this however there was the "turbid scheme of terrorism" with its reflections upon the Christian Democratic house (and that indeed is the correct word here). The central nature of the relative majority party was--quite in keeping with its tradition--the guiding topic for the speech by Forlani. "We are grateful to the PCI for having shown how right the DC was during all those years," he said. This is a central nature which the DC claims for never having been wrong in the grand decisions which the others later on likewise fell in line with, somewhat belatedly and laboriously. This is a central nature which today must be based on clarity: according to Forlani, the intermediate parties will try to create the image of an ambiguous DC; instead "we must tell the voters that the only clear vote, as against the PCI, is a vote for the DC."

And then he continued: "We do not want to engage in any bitter debates; but we think that it is grotesque that there are bitter debates against us on the part of political forces which, in the local boards, side with one group or another, depending upon the jobs that are offered them." The DC, on the contrary, has been "in a diverse and alternate position with respect to the tasks of government."

The second point--how to govern after the elections--was outlined rather well by Forlani. The DC will not be able to put up any joint boards with the communists. But, as in the past, and even more so than in the past, the DC, in power or in the opposition, will work hard to defend the democratic system. "We are not fighting out of a concern to remain in power but to defend the democratic system," the Christian Democratic chairman observed.

There is therefore no possibility of grand coalition governments with the communists. Forlani took great care in reviving the topic of national solidarity. It is necessary to restore discipline in "all things we do"; the parties must be the first to set the example. According to Forlani, national solidarity will also be restored without creating confusion in regard to the logical distinction between the roles of the majority and the opposition. "Independently of the formulas of government," Forlani noted, "the communists can and must also be made to share in the responsiblity for the great issues in international and economic policy and in democratic defense."

"When common concerns and sincere agreement of commitments are found on problems of general interest, we will note with satisfaction and we will seek maximum solidarity and shared democratic responsibility." The important thing thus is to overcome communist rigidity, to remind the PCI that a great democratic force knows how to "share responsibility" in

every case. A great democratic force does not demand being allowed into the government before it feels responsible on the great choices. It does so "independently" of its placement within the government or in the opposition. This is true above all in view of the seriousness of the moment which is why the Christian Democratic chairman also wanted to outline briefly the attitudes to be adopted.

Here is what he said: "The democratic countries are not responding with uncertainty but with a virile attitude." During this phase, due to detente, there is no need for ambiguity but there is need for "cohesion amid solidarity with the broad alliance which wants us to participate in it." Cohesion, naturally, with the other democratic countries and with the United States. Finally, it is a good idea to recall that the Soviet attitude "cannot be accepted" and it must be said that the presumption of the USSR to "change the international balance" by creating fear is inadmissible.

Forlani then issued the rules of the game at a time when the game is subjected to the most violent attacks. "We do not want to engage in any bitter debates and we therefore do not accept them," Forlani said; he was obviously talking about the case of Donat-Cattin. Raising his tone of voice for an instant, he rejected any "discourse aimed at shifting responsibility for the facts of life upon the DC." He further said: "We want to fight terrorism; we want to show that this time there will be no resignation." Forlani obviously was not talking here about the resignation of the vice secretary, rejected the other day by Piccoli but rather the one by the prefascist Aventino. But, to tell the truth, everybody was thinking about the most recent of these references anyway.

"Violence and terrorism will not win out--cost what it may," Forlani exclaimed; but before that he had observed that "the ideology, culture, and history of the DC certainly does not contain the conviction that progress necessarily involves clash and conflict."

The speaker after Forlani was Minister of Regions Vincenzo Russo who--as part of legislation which will have to approve mature regionalism"--proposed a national conference between the government and the board chairmen. Gianni Prandini, the official in charge of local entities, also presented his report; among other things, he observed that "in southern society, autonomy involves the difficult test of patronage or the easy blemish of the entire patronage system as such; but those who preach against patronage and downgrade the autonomous levels of government almost always work for special interest groups."

Tomorrow, after Forlani and Donat-Cattin, the conclusion will come with the speech by Piccoli.

Forlani's, Other Major Addresses

Naples IL MATTINO in Italian 11 May 80 pp 1, 2

[Article by Antonio Aurigemma: "Revival of Local Autonomies by Christian Democratic Party Looking to the South"]

[Text] Forlani seeks confrontation with other parties. PCI remains an alternative for the DC. Donat-Cattin also spoke.

Naples. "We must cope with this election by bringing about a serious, correct, and civil confrontation between the political forces; we must force public opinion to make rational and democratic choices." In introducing the work of the convention of DC south-central cadres, Arnaldo Forlani toned the debate down without however deciding to forego a vigorous emphasis on the historical role of his party for which he demanded "the proud awareness of having represented the very core of democracy in Italy" and the ability, at this most difficult moment, to "give courage to a confused public opinion which needs strong points of reference in order not to yield to blackmail and manipulations."

"There is pessimism all over the place." The increasingly acute international situation and terrorism throughout the land demand precise responses and clear positions as well as responsibilities to be assumed "without any inferiority complexes."

The only way for the country to recover a role in the search for new conditions to resume the dialogue between the powers and to counter the tragic possibilities of international destabilization is to strengthen and reaffirm "the elements of cohesion and solidarity with the [illegible passage in original] free Europe and with the United States." It is here, on the rejection of "captious ambiguity," that the DC seeks confrontation with the other parties. Just as, in the fight against terrorism, the DC rejects any possibility of a polemic with the other democratic forces: "To eradicate this evil we need national cohesion and solidarity," Forlani said. "This is a fight," he added, "which does not allow any resignations from the country's history."

At this point Forlani switched to his remarks on the PCI. "We seek a different spirit of understanding among all democratic forces throughout the land; on the major political issues and on the defense of democracy's essential values, we want to promote the sign of shared responsibility and national solidarity." But this must not make us allow any elements of confusion. The formula "either in power or in the opposition," which in recent times has become a banner of the PCI is wrong. On the essential topics of the country's life, there can be solidarity and agreement, independently of the formulas for government ("there must be," the chairman

of the DC said). It is, on the contrary, on this point "that we measure the degree of democratic responsibility of the PCI," a party which remains an alternative for the DC as regards the question of government. Not "positions aimed at breakup," therefore, but rather "a definite and intransigent distinction": a political discourse which, according to the DC chairman, does not lend itself to "ambiguous and grotesque interpretations" on the part of anybody who might try to "poach in the vast preserve of the DC" (the reference to the positions of Zanone and Longo was quite obvious here).

Talking specifically about the topics of the election campaign, Forlani urged the part to mobilize itself "for a severe but rational and objective analysis" of the situation of the local entities.

"It is to these topics that we are committed," Forlani concluded, asking for a fervent and reliable mobilization of party cadres, a presence "under full said" in the election campaign which must once again confirm that, as far as the DC is concerned, "the southern issue and the reinvigoration of the local autonomies are the basic and inescapable commitments."

This commitment was also subscribed to--in the greetings from the Neapolitan DC, by provincial secretary Pasquale Accardo, regional secretary Nando Clemente, and Ciro Cirillo, chairman of the regional board.

The need for stressing the political role and efficient management of the regions and local entities, for the sake of the South's takeoff, was vigorously stressed by Regional Affairs Minister Vincenzo Russo who announced a national conference which will have to seek forms, time frames, and methods of constant linkage between the federal government and the regions.

Through a reform of the system of autonomous levels of government which, while confirming "the old rejection of the centralized and oligarchic state," would eliminate the perennial temptation for "challenging the very essence of the federal government," this need for linkage became the guideline for the central report at the convention which had been entrusted to Gianni Prandini. Redefining the concept of autonomy, in line with the ideas of Sturzo, means finding, in terms of modern efficiency, the welding point between private and general interests. In this sense, the southern commitment will not be broken up because of a view of individual realities, nor will the issue be taken out of the national context. The debate, which was intensive and extensive, developed on that topic. There were some interesting contributions concerning the legal and structural definition of the new system (Nicola Mancino, chairman of the restricted senate committee on the reform law) and there was personal testimony from committed politicians (Bruno Milanesi spoke of the experience of the communist administrations in Naples, stressing the fact that its failure, after the expectations of miracles carefully nurtured throughout many years of opposition, signified the downfall of wordy maximalism in the heat of the test of concrete commitment).

The speech by Donat-Cattin came late in the afternoon. The DC vice secretary did not smooth out the wrinkles left over from the Brescia convention ("we reacted with scandalous maneuvers to unfair attacks") but on the contrary expressed his hope for an election campaign that would involve direct confrontation.

On what issues? On the end to the illusion, after the fresh wind that blew in 1975 and that brought the PCI to power, with 30 percent of the votes, as well as 50 percent of the citizens. On the examination of specific situations, avoiding "escape from judgment on things such as they are." On specific proposals for expanding the system of autonomies, which the DC advancing, "Rediscovering the central nature of the community as an instrument for participation" also in order to temper "the neocentralism of the region." On the choice of candidates who must be "drawn from society" and who must not be the products of the rigid curriculum consisting of civil servants, supervisor, and administrator, which is the sixth module used by the Communist Party.

Donat-Cattin concluded by stressing that the local governments must not repeat the national formulas, like a "gray decalcomania." "The DC is inclined toward agreements with all forces of lay and socialist democracy," he said, "but it confirms the permanent exclusion of the MSI [Italian Social Movement] and the line of democratic alternatives with regard to the PCI."

Carlo Donat-Cattin Address

Rome IL TEMPO in Italian 11 May 80 pp 1, 16

[Article by Enzo Carra: "Christian Democratic Party Members Support Vice Secretary With Long Applause"]

[Text] Carlo Donat-Cattin arrived right on schedule, half an hour before 1900, when, according to the program of the Neapolitan convention of the DC at Mostra d'Oltremare, he was to take the floor. A little more than a week ago, during a similar conventon at Brescia, there had been a hot debate which the Communist Party and its press immediatley pounced on. At Brescia, Donat-Cattin had spoken of the hidden financing transactions of the PCI and, in a pure paradox, he had called for a "healthy reactionary wind" in order to block the easy spending with which left-wing administrations make themselves look nice. In the meantime, we know what happened.

He will come--he will not come. Until the early morning, there were conflicting rumors as to the speech by Donat-Cattin. Some were sure that the Christian Democratic vice secretary was at Turin. Others thought that he attended a press conference in order to clarify the position of his son and his wife, so that it would have been difficult for him to get to Naples in order to talk politics. But throughout the morning and in the early afternoon, Donat-Cattin was in Rome at the Christian Democratic Party headquarters on Gesu Square, where he attended a lengthy meeting on banking appointments. From his office, he merely "inspired" the prepara-

tion of the note providing specific information on the entire affair which the party journal IL POPOLO, is publishing today.

Th[illegible] round 1630, he got into his car and had himself driven to the Neapolitan convention. In the great hall at Mostra d'Oltremare, he was received by prolonged applause, which warmly expressed esteem and above all human and political solidarity. The conventioneers interrupted the women's delegate, who was presenting her report, in order to pay this tribute of sympathy and support to thim. Shortly afterwards, after the other two speeches had been heard, the first of which was delivered by former Naples mayor Bruno Milanesi, Carlo Donat-Cattin came to the rostrum with his usual sulky [illegible]ression. He talked about politics without ever, even in the remotest, touching on the event which had struck him in such a human-interest fashion, certainly much more than the daily bitter debates to which he is so accustomed.

"Let nobody expect to find us in a state of weakness," he warned toward the end of his remarks and we did not know where the warning ended and where the allusion began. He then recalled that certain scandal-mongering arguments at the start of this election campaign were not put out by the DC. "We had to reply," he said and he defended his party, noting "the DC, among all of the great parties, has been the one most in the limelight in the local administrations, taking into account the general interests and the finances of the state which after all are the finances of all citizens. At the same time, the DC has a well-arranged party finance system. For all of these reasons, it does not intend to take any unfair attacks and it will reply at the right moment and always with the facts."

As the spearhead leader of the Christian Democratic congress majority behind the "preamble," which, as he observed in his speech, he thinks is one of the reasons for the threatening communist attacks, Carlo Donat-Cattin however assured his audience that his party does not want to go into a "tough clash" with the others. Instead he deplored the desire of some people "to shift the election campaign toward the general judgments which distinguish the good from the bad in the DC, the scandals from the nonscandals." Finally he confirmed that his party, regarding the boards to be set up after 8 June, is inclined toward agreements with all democratic, lay, and socialist parties and not with "alliances based on decalcomania" of the type of that three-way arrangement in the central government. He also confirmed the exclusion of any government accord with the MIS and, "in the current state of affairs," with the Communist Party. There are people who swear that, last night, in his speech, Donat-Cattin was less brilliant than usual. Why should he have been more brilliant?

Flaminio Piccoli Closing Address

Naples IL MATTINO in Italian 12 May 80 p 1

[Article by Antonio Aurigemma: "Piccoli--Development of the South With Realism and Efficiency"]

[Text] DC secretary outlines new action strategy.

Going into the election campaign without a crusading spirit but seeking confrontation among parties and the judgment of the voters on specific issues; proposing once again the central character of the problem of the South to the country, rethinking and innovating an action strategy which must be adjusted to the change in the real situation; designating the local autonomies as instruments of program choice and management efficiency --these are the conclusions of the Christian Democratic convention which ended yesterday at the Mediterranean Theater.

Flaminio Piccoli delivered the final report. His calm speech avoided the argumentative accents of the Brescia convention and he rather explicitly explained them as a "natural and obligatory reaction to communist aggression." Was it not Berlinguer--the Christian Democratic secretary recalled --who, from far off, set the campaign for his party up by "reviving the memory of the citizens" on alleged mismanagement in government by the DC? "We only reacted," Piccoli said, "but we do not want any brawl; instead, we seek a civil confrontation into which we go with clear and simple ideas."

Such as what? Above all, the awareness of having put an end to the spiral of nongovernability: "We have given the country a self-sufficient administration, wide open toward confrontation in the spirit of national solidarity." Then there is the certainty that we are living "through a winning moment" in the fight against terrorism, that "horrible plague which must be wiped out for the sake of the country's moral and civil resurrection." Finally, there is the conviction of having--at a moment of acute international crisis--backed up the only choice for the recovery of a policy of detente and peace. "Solidarity with our allies," Piccoli said, and "rejection of any third-force and neutralist suggestions."

"This is not an Italy in disarray," he continued "but rather an Italy on the rebound." Breaking up the atmosphere of solidarity at this moment is a big responsibility: according to Piccoli, it is the communists who assume that responsibility through their rather mechanistic dictate of "either in power or in the opposition" which immobilizes and sterilizes the always proclaimed need for national coherence, as well as the social democrats, the "improvised heralds of anti-communism, in spite of their local choices in the direction of the left-wing boards."

There were clear ideas also for the South. Piccoli denounced the anti-historical nature of the "old and manichean" approach of the PCI, the irrationality of "stereotyped phrases and amateurish slogans" and he underscored the need for a careful analysis of empirical oppositions and of the

investigation of the real situation. From this sprang an image of the South which is far from the oleographic or voguish judgment. "Its problem complex," the Christian Democratic secretary said, "is no longer the problem complex of underdevelopment, in the historical sense of the term. The South is no longer a part of the country without substance and without self-propelling impetus." Now for a look at the statistics: between 1970 and 1978, small enterprises increased by 105 percent in the South, 52 percent in the North, and 88 percent in central Italy; the hidden economy, "although in distorted forms that must be condemned," provides jobs for a million persons (in the introduction to the round-table discussion held in the morning, Manfredi Bosco had already revealed that "the increased emphasis on the hidden economy tells us clearly that the South is trying to salvage its creative and working capacity beyond the straitjacket with which the 'public' penalized development"); the flow of emigration keeps going down.

For a different reality, in other words, a different strategy: the end of the welfare system and the creation of conditions enabling the South "to express and release all of its business potential, its working capacities, its own autonomous initiatives." "Today, the South," Piccoli said, "is a reality which perhaps is having trouble taking off but which is capable of taking off."

In this framework of "renewed confidence and not stylish optimism," Piccoli underscored the decisive role which the regions and the local autonomies can play. Giving back to the regions their function of legislation and planning; turning the autonomous communities into centers of efficient management; creating the intermediate entity (which can be the province) as the instrument of operational linkage can, politically, signify the release of creative energy, of a readiness to be specific and to get down to hard work--things that are essential for the cause of the South. At this point Piccoli stressed the role of the DC in the creation of a new southern leadership class, no longer under the influence of the monopoly of the "big families connected with land ownership and professional dignity handed down as part of an inheritance" and the old logic of patronage.

The reference to the popular roots was the central thread which ran through the concluding appeal by the DC secretary: The political moment demands, not a vague mobilization, but the capacity to propose topics for discussion and concrete judgments to the electorate. The miraculous illusion which, in 1975, had accompanied the rise of the left-wing boards is in ruins; in the current election situation, what is needed is a confrontation on real local issues. "We do not want to put anybody to the test," said Piccoli, "but we do not renounce, as a matter of fact, we seek, a judgment on things such as they are."

5058
CSO: 3104

DC'S FORLANI ON FOREIGN POLICY IN LOWER HOUSE DEBATE

Rome IL POPOLO in Italian 8 May 80 p 9

[Speech by the Hon Forlani: "Common Effort for Peace"]

[Text] Following is the full text of the speech in which Hon Forlani explained the Christian democratic motion to the chamber:

Considering the dangerous situation that has developed it is not enough to say that detente has no alternatives. A new and open effort is necessary to draw all parties to its possibilities. I do not believe it is possible to understand some aspects of the present situation which has deteriorated so much if we do not in some way see the question from the point of view of others, certainly not to legitimize that point of view, but to consider it realistically.

The Soviet Union has interpreted the Camp David accord as a departure, as an attempt by the West to exclude it from coresponsibility and control of the crisis in an area which is the decisive nerve center of world balance and hopes for peace. This Soviet assessment does not take into account a series of facts; it never has considered even the independent character of President Sadat's initiative; it always refused to recognize the positive and original elements that could and must derive from it. In any case, this leads to a strong accentuation of the crisis in relations between the two superpowers and the threatening prevalence of closed, distrustful and hostile attitudes.

Even though a rigorously objective analysis cannot fail to show that realistically there exist no negotiable proposals that are different and feasible compared with those under discussion, it is still necessary for the West to take care that interpretations of introversion and defensiveness regarding a general settlement of the Arab-Israeli question does not make headway.

It is worth recalling that at one time the nine European nations gave a positive assessment of the negotiating efforts that started with the Camp

David accords. They considered them a first step to be followed by others until a global and lasting peace, with justice for all, was established in the Middle East. This European attitude meant the assumption of a responsibility on the international plane, directed toward giving greater credibility to those understandings, but it was also worth emphasizing, by reference to the concept of global regulation, the common conviction that peace in the Middle East requires, sooner or later, the participation of other parties to the dispute in the negotiating process.

Reopening the Dialog

Without considering this aspect of the situation, the facts that intervened first, the impressions and the reactions that developed, it is difficult to set forth an overall line for a solution to the more acute aspects of the crisis and to try to reestablish conditions of a dialog and an open and less distrustful relationship between the two superpowers.

This is necessary if only to understand the dramatic importance of the reverberations of the crisis that have spread throughout the entire region of Southeast Asia and which tend to deeply alter world strategic balances.

The "Gulf" today is the epicenter of all the factors in the crisis.

Toward the Gulf extends the military power of the Soviet Union and toward it is projected the USSR search for areas that would supply energy resources, if it is true that around the middle of the 1980s according to forecasts by numerous qualified analysts, the further expansion of the Soviet productive system would be compromised by serious shortages.

Finally, in the Gulf there is the sharpest and loudest expression of the cultural and psychological reaction to the industrialized West, particularly the United States, by a regime that represents an intransigent political-religious intergralism.

With such an explosive situation, a policy that does not seek some measure of coresponsibility between the United States and the Soviet Union would lead to catastrophe. This in general terms. This does not mean that it is necessary to believe in a purely European role and that different initiatives should not be encouraged. In reality, the European nations and Japan have made no mystery about their intentions and about a policy open to the broadest possible prospects of collaboration with the Gulf nations and to the new Iranian reality.

Our interest and our objective remain a framework of mutually advantageous economic and productive interconnections, the certainty of energy supplies, the stability of technological and industrial supplies.

To the Gulf nations we must give proof of a European ability to exercise initiative and imagination within the framework of a desire for full and resolute cooperation. This is the need.

But here everyone must understand that with the occupation of the United States Embassy and the holding hostage of American personnel, a crisis within a crisis has originated from an unacceptable violation of international law, risking the destruction of every plan and every constructive and responsible line and making everyone prisoners of uncontrollable events and circumstances.

The Italian Government has justly shared American sentiments wounded by the Iranian initiative and by a practice which offends the most elementary rules of international law and social intercourse among peoples and has therefore agreed with the European Community decision of 22 April at Luxembourg which will be applied this month if there is no decisive progress toward release of the hostages.

When the Americans were not able to obtain the transfer of the hostages to Iranian government control, there was recourse on the night from 24 to 25 April to an attempt to liberate them. Following this effort, in which American military men in the operation lost their lives, thus adding a further note of pain to the difficult trial that the United States Government and people are experiencing, the search for a solution seems still further away. We believe the Italian Government must remain firm in its determination to participate in appropriate international forums in full agreement with our allies so that the hostages may be guaranteed protection from harm, and liberation.

The situation created by the violation of the norms of international law gives rise to developments that are serious and burdened with consequences and therefore the restoration of the rule of law is necessary in order to be able to begin a constructive policy directed toward guaranteeing peace and security in the region.

This assessment must be continually presented by all, and therefore by the Italian Government, to the Iranian authorities with increasing pressure, and the appeal for the release of the hostages must be reiterated decisively.

These pressures are not in any way directed at harming the Iranian people, but they must lead to positive results within the framework of the attempts to release the hostages and work so that the situation will not develop so dangerously that the use of force will begin to appear to American public opinion as the only remaining means to try to put an end to the unacceptable consequences of a violation of law.

Another reason for deep impending and threatening preoccupation about the complexity of the Iranian crisis is the fact that despite condemnation by the international community with the vote, proved by a large majority, of the resolution of 14 January 1980 at the United Nations General Assembly, Soviet forces have not withdrawn from Afghanistan. No reply was given to the requests in this regard which were repeated not only by western

nations but also by the Islamic Conference and the majority of nations of the Third World and by the nonalined nations.

Therefore, we face a policy of force regarding which a demonstration of contradictions and lack of solidarity would mean in effect offering the most dangerous reply. This does not mean that we should ignore the complexity of the situation which more than ever today requires an attitude that is not resigned and fatalistic. That is, it should not escape our awareness of events that there is the possibility that this USSR policy, as it has been delineated recently, betrays even the interior weakness of someone who perhaps now realizes he cannot resolve the contradictions of his time with the increasingly weaker reasons provided by ideology and now sees the emergence of a world order that is more varied and complex than that which in the past--while a substantial bipolar situation existed--permitted the USSR to exercise a more confident role.

Prospects for Negotiation

But if these are the reasons for the shift in the East--reasons of "aggressive survival" or of "defense expansion" as they have been defined by some--they carry with them risks that more than ever require the commitment of Atlantic solidarity.

From this position of solidarity it is necessary to make it understood that we want to resume an effective dialog and develop initiatives regarding which the Soviets could be induced to reestablish a future of negotiation and contact.

Much has been said here recently about the European initiative, and some exert pressure for the Europeans to somehow differentiate their position regarding the United States. We must be careful not to commit serious errors; the dangers that threaten us all must not even allow us to forget certain European errors of judgment when more or less secretly there was an assumption of critical attitudes regarding the American attempt to negotiate directly with the Soviet Union, not recognizing that the most terrifying terms of the peace-war dilemma and of planetary balance first of all referred to the relationship between the two superpowers, a relationship which is necessary and which we must help to restore.

However the constructive way to help this restoration today passes through a clear desire to strengthen the ties and commitments of cooperation and solidarity in the Atlantic Alliance. This is a requirement of need and wisdom because any other search for a restoration of balance by America, if it were to assume a priority character in regard to Europe, would be full of unknowns and greater risks.

Friendly Relations

In one of its most difficult moments it is necessary that the United States feel that its friendly relations with European nations are very

reliable. This is the most important condition to prevent anyone from losing the ability for self-control and careful thought in times of difficulty.

We cannot renounce the objectives of peace, of security, of coexistence and cooperation among nations with different political systems. Within this logic and this state of need and realism we have developed an important network of economic and trade relations to our own advantage and to that of others.

We want to continue, and we believe this is right, especially for a country like Italy which is a strategic point of primary importance, and which could become a natural bridge from Europe to Africa and to the nations that are large producers of crude oil.

A nation in this position with almost 60 million inhabitants and a cultural and civil patrimony that is a large part of the world's wealth cannot even resign itself to the fact that its own freedom and own survival are entrusted only above all to a nuclear capacity for dissuasion. No one can consider this an ideal situation.

Is there the possibility of attenuating the fatal, ineluctable character of this option? Can our independence and sovereignty truly be guaranteed only by nuclear weapons? These are questions which we, like others, and more than others, must ask ourselves. And after all, how can that weapon constitute a secure guarantee when crises develop in different ways and on the basis of unforeseeable events for which a response that could generalize a conflict could seem disproportionate?

These are problems regarding which we must, I believe, acquire a common national sensitivity in our country, an awareness that would comprehend all democratic forces. This is the problem, and it will be even more so tomorrow. If we do not have the strength, if we do not find the courage to propose and implement within the Atlantic Alliance framework even our own conventional system of defense and security--which would be adequate compared with the characteristics of our territory, secure in terms of internal cohesion, highly specialized and therefore credible, effective for the purposes of resistance--we will not be able to claim that we are carrying out that role and that autonomous force of indication that so often is urged in various quarters, and especially from the opposition, upon our governments. It is a kind of organization, it is a military device which other nations to the east and to the west have achieved and which give the possibility, more than so much talk, of a useful and constructive role, of stability and influence upon the international scene.

We believe that the Italian Government must be very resolute in not renouncing a line of initiative, of contact, of examination of problems, of negotiation. From Helsinki, we ask our government that an effort once more be made to move forward with an open attitude without allowing ourselves to be closed in by punctilious negative attitudes, or by polemics even though these may be justified.

We want to take every opportunity and seek all conditions that might make the road of cooperation and security in Europe easier.

However, we must not hide from ourselves the fact that as events are developing--in the absence of clarity and efficiency on our part and in Europe in general--they in the future could encourage agreements on different integrated programs within the European and Mediterranean framework on bilateral or multilateral bases, whose result would be to alter that moral and collegial parity of commitment which constitute an element of cohesion and secure guarantee of prudent procedures and the defensive character of the Atlantic Alliance.

It is important that the tension of the situation in which we are obliged to work not be lost sight of for a single moment if it is necessary that Italy intervene and participate on the international plane and make a contribution of initiative, moderation, understanding, based on facts in our experience, on a historical and cultural connotation, on a strong ideological tension, it is necessary to re-establish democratic order and domestic discipline, to be ready in the appropriate sectors, to occupy the place that circumstances and our free choice have assigned to us.

6034
CSO: 3104

INTERVIEW WITH MANCA ON FOREIGN TRADE RELATIONS

Milan PANORAMA in Italian 26 May 80 pp 225-227

[Interview with Minister of Foreign Trade Enrico Manca by Tino Oldani, of PANORAMA; date and place not given: "The Customer Is Almost Always Right"]

[Text] Relations with the Arabs, side payments, sale of weapons. How difficult it is for politics and foreign trade to come to an agreement. In only 3 months, from January to March, the balance of trade reached a deficit of 3,777 billion liras. On an average, imports exceeded exports by more than 1,200 billion liras a month. If this trend should be confirmed by the April data also, it will mean that in 4 months Italy's trade deficit will exceed the deficit that was accumulated in all of 1979, that is, 4,725 billion liras. And for the national economy, it would be the confirmation of an alarming crisis, now almost a recession, according to some economists.

What is the government thinking of doing to counter this danger? What are the specific initiatives that are being developed to again balance foreign accounts, compromised above all by frequent oil price rises? PANORAMA asked Minister of Foreign Trade Enrico Manca about this.

Question: At the very time of the worsening of international political tensions and of the dangers of war, Italian foreign trade is experiencing a considerable slowdown. In your opinion, what should be done to recover the loss?

Answer: I am convinced that there is a great relationship between economic interests and the development of international detente. Therefore I believe that my task is to try to enable public and private operators to continue to trade without allowing existing tensions to become a deadly prison for them.

Question: Is this a rule that is applicable to Iran, too?

Answer: Of course. I am the first to confirm the full solidarity of our government with the people of the United States for the unfortunate affair of the hostages. At the same time, however, I should like to add that we must adopt a position that will not favor Iranian extremists, but that will strengthen instead the most moderate and responsible groups in Tehran. I therefore consider it appropriate to postpone economic sanctions against Iran, at least until the Iranian parliament functions with full powers.

Question: What would be the advantages?

Answer: If this postponement is accepted by the other governments of the European Community, it will help not only to resolve the unfortunate hostage affair and to relax international tension, but it will also help Italy's economic interests, which are numerous in Iran.

Question: You met with Soliman al Solaim, minister of foreign trade of Saudi Arabia, at the Milan Fair in April. From then on, there has been talk of a thaw in relations between Italy and the Saudis and some feel certain that the contract for the supply of oil that was interrupted after the scandal of the ENI [National Hydrocarbons Agency] side payments will be reinstated. Is this true?

Answer: When we consider the difficulties connected with our oil supplies, it is clear that the immediate restoration of the contract for direct supply of Saudi crude oil is a matter of very great importance. And we must also not forget that Saudi Arabia is one of the biggest oil producers in the world, as well as Italy's chief supplier. Now, then, this is the point: we have the results of the parliamentary committee's investigation of the ENI affair; the report of the administrative committee that was presided over by Magistrate Marcello Scardia is on file; and finally we are waiting for the results of the court's investigation, which is nearing completion. On the basis of these three investigations, I think that it will be possible to quickly close the case and reinstate the supply contract.

Question: What do you mean?

Answer: From what the investigations have ascertained so far, it appears that, without taking anything away from the basic principles of truth and honesty, it is possible to state that no Saudi political or governmental leaders are under a cloud in the ENI affair.

Question: Did you also speak of this matter with your Saudi colleague? And was the statement concerning Saudi noninvolvement in the scandal imposed as a binding condition with respect to the resumption of the supply of crude oil?

Answer: The Saudi minister did not impose any condition when this subject was mentioned at the fair. But since there has been a great deal of publicity in connection with the ENI affair, he made it clear that the statement regarding noninvolvement would be very welcome.

Question: In December, Charles Poncet, of Geneva, told PANORAMA that the ones who took the side payments were: Taher, president of Petromin, a Saudi oil company; and Mina, former director of the Iranian company. And Poncet, then, was speaking as a partner of the president of Sophilau, the company that made the side payments. With these precedents, does it not seem a diplomatic contrivance to limit the declaration of noninvolvement solely to"Saudi political and governmental leaders"?

Answer: I do not understand...

Question: Taher, as president of Petromin, is not a "political or governmental leader," but a high-level manager. The statement of noninvolvement, as you state it, would not pertain to him...

Answer: I must base my considerations on the results of the official investigations and up to now they report that the Saudis are under no cloud. This does not exclude that others may have taken the side payments.

Question: Some deputies have criticized you for this simplistic endeavor...

Answer: To tell the truth, I have even actually been accused of climbing an institutional ladder. And this seems odd to me: there is no race by means of which one can arrive first at an agreement with the Saudis. Furthermore, the resumption of the Saudi contract is the business of the entire government, not mine alone.

Question: Are you going to go to Saudi Arabia?

Answer: Yes. I have been officially invited.

Question: In recent days you concluded quite an important agreement with Iraq. To this Arab country that borders on Iran and whose relations with the government of Tehran are very bad, Italy is about to sell warships for 1,500 billion liras and electric power plants for another 800 billion liras. Also included in the supply agreements is a plant for the processing of radioactive material, called "Hot Cell;" and the Americans are not pleased. The NEW YORK TIMES has accused Italy of helping Iraq to build the atomic bomb. Is this true?

Answer: This is political fantasy. Nothing of what we will furnish Iraq can be utilized to build the atomic bomb. It is a question exclusively of

material for electric-nuclear plants, that is, for civilian uses. On the other hand, it is true that we have paid special attention to Iraq because, in the case of emerging countries that are producers of oil, we want to establish a political relationship that is quite different from today's prevailing trade relationship.

Question: Your ministry's agenda provides for a meeting soon of an Italian-Libyan joint commission. But is it appropriate to promote relations with a country whose government orders the murder of opponents and dissidents?

Answer: There already is a problem with respect to relations with Libya. In fact, it is the one that creates the greatest political difficulty among the Arab countries. It is necessary to have a great sense of responsibility and to have steady nerves to be able to see when things are not right and to be extremely firm in this regard, without ever losing sight of very great mutual respect.

Question: Is the selling of weapons to Libya included in the agenda?

Answer: I do not know anything about that.

Question: The ICE (Foreign Trade Institute) has circulated a study on Chile from which it is learned that Italy, precisely for being the only country in the world not to have yet re-established normal diplomatic relations with the Pinochet government, has lost some trade contracts that had seemed assured.

Answer: I said before that in my opinion economic and trade relations with countries should not be mechanically regulated according to political tensions. However, Chile is an exception to this rule. An accommodating attitude on the part of democratic governments would not foster democratic growth in Chile, but would strengthen Pinochet's fascist regime. And this cannot occur for any reason. I am not one of those who sell their soul for business.

Question: Therefore you are in disagreement with the ICE...

Answer: It is not a question of disagreement. There must be a clear distinction in foreign trade roles, too. The ICE has made its investigation with respect to Chile, as it does in all countries, but it cannot expect to force the hand of the minister. The establishment of relations with Chile is up to the political authority, not the bureaucrats.

8255
CSO: 3014

DUTCH CONFRONT PROBLEMS BEHIND 30 APRIL RIOTS

Riots Well Organized

Amsterdam ELSEVIERS MAGAZINE in Dutch 10 May 80 pp 10-17

[Article by Onno Reitsma: "The Riots Are Organized"]

[Text] War With Police Intentionally Sought.
After the riots of 30 April, the following can be established:

- There was an organization behind them. A hard core which continuously stirred up the pack.
- In the future there will have to be more and better equipped ME [Mobile Unit] police. And more arrests.
- For the "Autonomous," the anarchists of the eighties, everybody is the enemy, even the worker.

These conclusions were reached by Onno Reitsma and Coen van Harten in their cover story. Their report is followed by an essay by Michel van der Plas: "The best friends of the riff-raff could be found at VARA [Workers Radio Amateurs Association], Radio City and DE VOLKSKRANT."

What is going to happen next? The question, which Chief Inspector W. A. Berndsen, chief of the Mobile Unit in Amsterdam, has been asking himself since 30 April, has long since been answered in the bars of Amsterdam. "Why don't you turn a set of machineguns on them, then the streets would be cleared immediately," and "set the marines on them," are the most often heard "solutions" to the terrorism which struck Amsterdam on the day of the installation.

People in the cafes shrug their shoulders at the question of whether the solutions, with which the Amsterdam ME chief struggles, are "ethically justified" or not. But then, the men at the bar are not being paid for that, while Chief Inspector Berndsen is.

"A soldier eliminates; he does not pay any further attention to his victim. We do. It is our job to arrest the culprits and to hand them over to the justice department, in the hope that the latter will be able to provide the right answer. Of course, we could also knock all the teeth out of somebody's mouth with a karate chop, but that is not ethically justified. And when a disturbance seaker, who has been pelting the ME with stones for a long time, is grabbed during a police charge and beaten up with a long truncheon, then -- however humanly understandable it may be -- this is not ethically justified. The punishment is not our job, it is a matter for the justice department." Is the question still: what next? Because there is something that Amsterdam was able to see with its own eyes, and the remainder of the Netherlands via television: a new element has crept into the struggle against law and order, an element which has as little to do with the "police pestering" of the provo-period as the Indian tomahawk has with today's cruise missile. Specifically: "The clear goal of eliminating policemen," said Berndsen. He saw it coming, noticed the hardening. He was the field commander during the clearing of the New Market in Amsterdam (in 1975), which also turned into a full battle. "But that was child's play compared to what we experienced now. Those pictures of a police horse being stoned produced a wave of indignation throughout the Netherlands, and rightly so. But did those same people realize what was happening to the policemen? That they were constantly the direct object of attempted homicide? I am not asking for pity for those policemen; it is part of their job. But with all that pity for the poor horse -- again: rightly so -- I did want to bring this element to the fore. Because this indignation is two-sided; this is best demonstrated by that girl on Waterloo Plaza, who at first shouted her hardest 'ME, dirty fascists,' and who then, during the incident with that police horse, turned on her own associates: 'dirty animal tormentors!' Is the mistreatment of animals worse than the attempted homicide of a policeman? Because this was, repeatedly and very intentionally, the case. They clearly aimed -- as witnessed by the injuries -- for unprotected body parts of the ME policemen, such as the cheek and the neck. A pointed piece of reinforcing rod was purposefully pushed through the grating of a small bus to eliminate the driver. Pieces of broken glass were thrown, and did you see that guy running around with a hatchet? Pointed pieces of reinforcing rods were aimed from the roofs at the roofs of the small ME buses; try to imagine what happens when such a thing is driven through... All pure attempts at homicide, a criminal offence ranked as one of the worst in our penal code. But I repeat, we have seen it coming. We have wondered when the time would come when we would be pelted with Molotov cocktails -- a weapon, which from a technical legal point of view is considered a firearm, worse than, for example, a pistol --; well, now it has happened. And not once, but several times. This is where we are at, right now."

Actually, this new phase of street violence does not date back to 30 April, but to 29 February, the day when the ME attempted to clear the squatter house in the Vondel street. As you know, that operation was a complete fiasco for the ME. Chief Inspector Berndsen said: "That was the first time that the police were met with so much professionalism. So hard and with such a clearly led core... It was also noticeable in the outfit of our opponents: full helmets and leather jackets, the shoulders and back padded with newspapers."

The question of whether what happened on 30 April was a "spontaneous" or an "organized" rotten mess, is no longer a question for Berndsen: "There was an organization behind it. There was clearly a question of a hard core, boys who made sure that the fire kept burning, who constantly egged on the pack. Arrests? No, those boys are too professional for that; they duck away as soon as things become dangerous for them."

The strategy for that day was -- if necessary -- a slow building up of ME violence. "We didn't even get a chance for that, so strong was the other side's action. Yes, for that day we had pushed the limits of tolerance far up. Primarily, in order not to provoke at all. With hindsight you might say: maybe we pushed that limit up too far. Because then if anything goes wrong you are immediately in the middle of a swift escalation. On the other hand: there should be room in our society for feelings of discontent to manifest themselves. That must be possible. As long as it happens in a dignified manner. It is in that framework that we took action that morning. The agreement was: do not take any steps against squatter actions, do act if barricades are raised. And the latter starts when the first pavement stone is picked up. Consequently, this was the sign for us to get into action at the corner of the Kinker street. And we withdrew when that danger had subsided."

Commissioner De Rhoodes, chief of the Amsterdam uniformed police, pointed to the large gap between a long truncheon and a firearm. What does the ME chief think about this?

"No difference; I am also faced with that gap. And I don't have a solution for it either. I would prefer, actually, that firearms be removed from the ME instruments of violence. Because at the moment when you have to make massive use of firearms, the police task ceases to exist. I would prefer to look for better protection of personnel and equipment, because there is a great deal wrong with that -- think of the 100 wounded ME policemen. Moreover, to go at it with the long truncheon, without any limits, is not a solution either. I expect more good from well trained arrest units, boys who are trained in man to man combat, combat fighting. Because our task is to arrest the culprits, not to punish them. But all these matters will be raised during the evaluation of the ME policemen who were put into service on 30 April. That will take a while yet, because emotions have to simmer down first."

And the latter not only applies to the ME policemen, but also to the citizens. Who for days flooded the police with flowers for the wounded, thanks, compliments and good advice. Our conversation with Chief Inspector Berndsen was interrupted every moment by citizens, who were phoning in suggestions. "Wouldn't it be better if you filled those water cannons with thin manure, with liquid manure?" Berndsen answered patiently: "It might be more effective, but we are not allowed to do that. The law prescribes that we can fill the water cannons only with clean tap water. Even the pressure, the number of atmospheres, is legally determined."

Another suggestion: "If you let those rioters run into a kind of out of bounds trap -- just like on the soccer field -- and then snap it shut, then you would have the ringleaders right there in your hands, wouldn't you?" The ME chief answered: "That could well be, but we are not allowed to do that; that would be ethically unjustified; we have to leave the people a chance to get away." But you catch rats in a rattrap, don't you? Berndsen: "We will have to take another close look at all of this to see how we should proceed now."

More Mobile Units Needed

Amsterdam ELSEVIERS MAGAZINE in Dutch 10 May 80 pp 12-15

[Article by Coen van Harten: "I Will Never Forget That Rock Thrower"]

> [Text] On paper, a Mobile Unit platoon consists of 52 men, some of whom are drivers. But, on Queen's Day, the platoon from the national police in Eindhoven consisted only of 46 men. On that day, this team "held" the Dam street. Less than 300 meters away from the place where Queen Beatrix was being inaugurated. By the end of that day, there were 16 wounded among the platoon from Eindhoven. We talked with six members of the battered platoon.

The day before, they had left in a jolly mood to go to the marine training camp near Hilversum. Lieutenant Geert Jansen (25 years old) said: "This has always been an excellent team and after 30 April it could not be any better." That night they slept at Gooi and left at 0600 hours the following morning for Amsterdam. At 0800 hours, they were positioned "inside the ring" on the Nieuwezijds Voorburgwal. A friendly orange sun revealed itself over the quiet inner city. The first noises of the festivities were heard one street off. Ben Meijer (22 years old) noted: "A relaxed atmosphere." Jos van Dijk (32 years old) said: "A window was opened and a girl in yellow outfit began to dance... to disco music. A first rate show. Especially for us. Two platoons were swinging along. We could even request songs." Henk Hilhorst (35 years old) commented: "I even went to buy a package of tobacco outside the perimeter. On my own, simply in my ME outfit. There was nothing going on, simply fun." Mat Heijmans (21 years old) said: "Everybody was in a festive mood, just like us." Geert noted: "That

in what I said earlier on too: it is a festival and we are here only to protect the festivities." Ton Verhees added: "At that point it did not yet look as if anything was going to happen. It was only by noon that things began to look gloomy."

Henk: "About 1100 hours, I saw someone carrying a bucket of paint. I thought: what is that for?" Ton: "On the Spui, you could beat a toy ME policeman to pieces for 3 guilders. Not too hard, of course. Then they took a polaroid picture of it. I thought that was kind of fun. But on the other hand, I thought: I would like to try that too, and then I would pay double the rate if I could hit a little harder. Well, at the time there was still a feeling of joke making."

Mat: "Until we heard Radio City." Geert: "At that point, I called them back." Ton: "After that disturbance in the area of the Kinker street, we began to think in terms of an uneasy day." Henk: "What Radio City did was pure and simple incitement. We are criticized when we do not act professionally. Well, if this was professional reporting..."

By 1400 hours, the platoon was directed toward the Dam street. There the rabble was pushing forward. There was hardly any space in that narrow street to maneuver with the attack vehicles. Still, it was rather easy to sweep the street clean. The main problem was the side alleys. They had to be guarded and, consequently, as it pushed on the platoon had less and less people at its disposal. But the thus thinned out team only started having a really hard time near the Oudezijds Voorburgwal. There, violence met them from both sides of the canal and from the continuation of the Dam street -- thus, from five sides. Stones came flying from all corners, falling glass from above, bottles, sticks, chains, iron rods, thrown back tear gas grenades. The platoon requested assistance, but it took a while before this arrived. Henk: "I suddenly saw the inscription: /Do Not Doubt, God Is Here/ [printed in italics]. It would make you cynical." Jos: "When the assistance arrived, one-third of our platoon had already been eliminated. Myself included. I got a stone against my chin, having lost a little of my concentration when I tried to drag one of my wounded mates away. But my chin strap kept that nick together, and I could go on."

At the Oudezijds, the "rockers" had organized a party. They did not want to have that disturbed and they threw a rioter in the canal. How many street fighters were there actually? Hundreds? The ME policemen talked about a few dozen. Jos: "But they were surrounded by hundreds of hecklers. And this group made it possible for the rioters." Ben: "You can pick them out just like that: the people who give the orders. But they can disappear in the crowd. Without these crowds they would not be able to get anywhere." Jos: "You can barely grab them. When they are hard pressed, they shout: I am not doing anything. And maybe this is true, but maybe such a guy would be capable of murdering you. The multitude of supporters, that is the problem."

Fear? Ton: "You advance at the word of command and then a charge is directed toward you. You are too busy to protect either yourself or your mates. You have no time to be afraid." Ben: "I was so afraid that immediately after treatment at the hospital, I wanted to go back. You get such a feeling of powerlessness. Then you are sitting in the waiting room and you see three more injured ME policemen come in." Ton: "Your wife is watching television and she sees an injured ME policeman writhing on the ground. Who is that?" Ben: "My wife had such long nails; there was little left over after 30 April."

Powerlessness. Henk: "I blame the authorities, because the original philosophy -- how do we tackle possible riots? -- was carried out with too little flexibility, that it was not adjusted. The points of departure of our action no longer fit the situation which had developed. The policy was not flexible enough." A tougher action? Henk: "Oh no, not in the sense of shooting. I find De Rhoodes' remarks mortally dangerous. There are other means. /To call immediately for heavier weapons, I find that lazy thinking/ [printed in italics]. We should look more in the direction of tactics, of strategy. For example: surround the whole crowd, leave a small escape route open for those of good will and then carry out numerous arrests."

Jos: "I am also strongly opposed to the use of the army. This is simply part of police work. Except: the policy, that is what you are always up against. And then I am not talking about the armament." Geert: "One could in any case think in terms of more manpower. There were simply too few of them now, the men were on the street too long."

Henk: "Now they are shouting: get rid of the ME. Well, there was no ME yet during the long, hot summer of 1966, and you have seen how that got out of hand. The ME, disciplined units, remain necessary. But the ME is on occasion misused. We are used too often. They should not put us into action when no violence is expected. I am still wondering whether it was necessary to send ME policemen to the School of Agriculture in Wageningen. Those kinds of things turn people against us. If the Groote Keyser were to have to be cleared, then, of course, the ME would be necessary. But they should not have us charge in for 10 squatters." Geert: "Do not use us as police barricades; that is what we have police barricades for."

ME policemen are volunteers, ordinary policemen who, after finishing the job, take off their helmet, straighten out their cap and then go back to writing parking tickets. They are specially trained; during their training they are bodily attacked by colleagues, who pelt them with apples, rotten eggs, and decayed leftover food. Imitation, suffering, acceptance, discipline, self-control. This way, the Netherlands do not have riot police who, champing at the bit, isolated in a barracks, are looking forward to a disturbance, but ordinary policemen who are able, with limited means and without firing a shot, to withstand wild urban guerrilla warfare, as was the case on 30 April. To whom the bill of tolerance will be presented.

The ME policemen do not want any (para-)military means. Henk: "If tomorrow we were to shoot with rubber bullets, the next day they would use live ammunition." However, the ME would like better protection. It was only on 29 April that the group from Eindhoven received shin and knee protectors. Other platoons did not have these and they incurred dozens of injuries. They want shoulder protection, safer helmets (one piece helmets) preferably with built-in portophones, so that ME policemen can keep their hands free. A frightened ME policeman commented: "And yet, I escaped sterilization thanks to that portophone; that rock hit my portophone."

Hence, the desire for a special helmet. Another small matter: metal tear gas grenades can easily be thrown back now, but these projectiles also exist in a plastic version. This synthetic material version splashes as an untouchable heap on the pavement.

The Eindhoven ME are still "replaying everything." But as of yet it has not provided a clear picture of the riot rat phenomenon. Henk: "Yes, those leather jackets who run after the ME. How old are they anyhow? It could be my son."

The whole platoon talks about "the red T-shirt," an aggressive, heavily built male person of about 23 years of age, who kept coming back, throwing paving stones, uncatchable. Ton: "I can still see him before my eyes. But don't ask me who it is; I mean: what motivates such a person?"

Jos: "The opportunity to seize someone is so small; they can hide in the crowd. And if you are young, aggressive, frustrated, and you came from a certain milieu..." Geert: "A day like that must have an enormous influence on all those children, all that unpunished violence." Henk: "I talked with three of those boys that evening. They were about 13 years old. Not at all the hell raiser type. Yes, they said that they had thrown rocks. And I thought: well, if you give them a bath, then you can simply send them back to school tomorrow."

'The Autonomous' Movement Analyzed

Amsterdam ELSEVIERS MAGAZINE in Dutch 10 May 80 p 13

[Article: "'The Autonomous Do Not Exist,' Claim the Autonomous"]

[Text] That 14 year old MAVO [Junior High School] student, who was handed a shovel on 30 April on the Rembrandt Plaza by an approximately 30 year old man, now probably knows approximately what an "Autonomous" is. The intention was clear: the street had to be torn up. The atmosphere was one of intimidation. The boy did not dare refuse the shovel; he ran off with it a little ways and then threw it away in the more or less safe Regulierbree street. He fled into a snackbar, came out again after a while and felt the hand of another 30 or so year old on his shoulder: "Well, kid, you too are going to the Rokin!" In this case, this tactic failed. But how many of the adolescent rock throwers were recruited in this manner? In Rome, Milan

and Paris this is a recognized method: the Autonomous join in demonstrations and force disturbances, fights with the police. They themselves remain in the background.

And now suddenly the Autonomous do not exist. President Wam Kat of the PSP [Pacifist Socialist Party] youth characterizes the claim that the Autonomous exist as a joke, at least something in that spirit. If he means that there is no substantial and solidly built organization, then he is right. The Dutch Autonomous are an obviously unregulated lot, but their existence is proven by more than their sign alone (a circle surrounding an A), which has been whitewashed here and there throughout the city, the same sign which was painted as big as life on the roof of the Noordeinde palace a few days prior to the inauguration: "60 million... republic Ⓐ."

Following the umpteenth generation of the Red Army Fraction, the movement of the "anarchists of action" landed in a crisis, at least ideologically speaking. Practically everyone belongs to the enemy, up to and including the working class, the new bourgeoisie. Today's Western society no longer lends itself to an analysis according to Marx, Bakunin or Donela. The only ideological element from the history of anarchism which still stands (aside, of course, from the basic rejection of government authority) is "personal self-determination" or "autonomy." And this concept then in the most extreme sense of the word. These Autonomous, that is to say anarchists, ripe and green, are not united within a single anarchic organization. They find shelter in (or infiltrate) existing organizations which oppose the existing order. Squatters groups, for example, but also feminist groups; there is already something like anarchic feminism. The monthly DE LACHENDE SATER has close ties with the group from the Groote Keyzer. Their April issue featured a portrait of anarchist Ambrose Bierce: "Politics, a means of existence for the most degenerate part of our criminal class." This journal has "the anarchic breath of the war of the eighties. We are perforce anarchists, that is true (...) In short, a war will break out in the eighties, and before that time we must get beyond the barricades of the Vondel street, the crowning and Borssele, to achieve results, victories."

Cheap anarchism, that yes, but isn't that precisely the political climate in which more and more squatters operate? The anarchist flag flies daily over many squatter houses in Amsterdam. The O's in the Dutch word for housing shortage are distorted into anarchic signs. Issue number 39 of the KRAAKKRANT includes useful tips for riot rats: "A helmet is necessary, a thick coat, a stand-up collar, sturdy mountain shoes and boots; to counteract the effects of tear gas, you can grease your face with ointment or creme; a rain outfit against the water cannons."

And thus, the anarchists of action are getting an increasingly stronger hold on a movement for which one could, in principle, have some sympathy. Other groups, such as the KWJ [expansion unknown] and the PSP youth, do not let their ideology keep them from cooperating with the Autonomous, or whatever they may want to call themselves.

Anyone who still has doubts about the role of Radio City, should read the announcement made by the illegal station De Vrije Keyser: "One of the reasons why a good station is only coming to Amsterdam now is probably Radio City. It became clear in the Vondel street how important a station is. Even though Radio City has performed excellent services, its limitations have also been proven."

Activist Amsterdam is in chaos. "As could have been expected, all kinds of political parties and groups which call themselves leftist, advanced on the squatters like carrion vultures (...) The fact was that these groups wanted to harness the squatters to their cart." Quoted from DE KRAAKKRANT. This chaos among the activists is the first success of anarchism. Confusion, dissolution. Those who claimed responsibility for the urban guerrilla warfare of 30 April as the Autonomous, are now denying their own existence. There is no better proof of their perilous presence.

Media's Role in Riots

Amsterdam ELSEVIERS MAGAZINE in Dutch 10 May 80 pp 16-17

[Article by Michel van der Plas: "The 'Cultural Struggle' of 30 April As Seen By VARA and DE VOLKSKRANT"]

[Text] Hanneke Groenteman "simply had a good time" on 30 April. She has already stated several times why; among other things, with the exclamation: "How fantastic that smoke bombs could be fired." Whether she (or VARA, in hearty cooperation with Radio City Amsterdam) now has broken the broadcasting law, is at most a technical detail. The matter about which there can be no doubt, is that her team blindly took sides with anti-democratic and anarchic violence, which she romanticized as a spontaneous popular revolt against social repression. Consequently, nothing is less fitting now for her and her colleagues in that broadcasting association than the self-styled role of injured innocence. How cowardly this is too: to withdraw now to the claim that what they did was purely reporting. That day people showed their colors: that of a particular kind of red -- brick red one might say -- which, in a conflict situation, always chooses sides with the rebellion and the rebels and against the bodies of law and order, and which, when sides are chosen, also intensifies feelings in an inflammatory atmosphere. The claim of reporting -- "a good piece of journalistic work -- of course does not hold, when an important part of that report is "forgotten," such as, in the case at hand, an identification of the belligerants with truth. The same also applies to DE VOLKSKRANT which, in its report of 1 May, chose to refer to the rioters exclusively as "demonstrators," and "activists," and to the citizens oppressed by them as "Orange public." That is /not/ [printed in italics] truthful reporting; that is a deliberate falsehood; and it is more than naive to want to contend that, in so doing, one would not share any responsibility in the fact that the social events got out of hand both on 30 April and following that date.

That afternoon, the best friends of the riff-raff were at the VARA. And if the female reporter on that alternative radio program on 30 April is to be believed, then the president, the Reverend Van den Heuvel himself, was sitting there too and gave the whole thing his blessing. The historical truth is that behind the violence of the lawless rioters, there was the violence of the news media. Is it still possible to have understanding for an organization which, on the day of the accession to the throne, wanted to offer the anti-monarchists a program which followed the events with critical relativism, which justified opposition (even) when a false representation of events was given and which, at the same time, rendered yeoman service to subversive and disruptive activists in the broadest sense of the word.

On that day, when the so-called squatters movement had long since indignantly distanced itself from the rock throwing, the horse unharnessing, car burning and shop looting rabble; when Den Uyl spoke of "pure vandalism"; when all of the sober Netherlands had, for hours already via clear television pictures, understood that this was the work of sewer rats and nobody else, they were presenting the events on the VARA microphone, in close cooperation with Radio City Amsterdam and under the inspiring leadership of Hanneke Groenteman ("How fantastic that smoke bombs could be fired!"), as a principled popular revolt against the stress of the times, and they delighted in visions of the eighties as a socio-cultural era of revolution, whose beacon light shone forth on this day. There was not a single word of disapproval of the rioters in either the so-called reporting or the discussions, with the one pitiful exception of Hans Knoop. They were portrayed as idealists who, appallingly, had to stand up to the cruel Mobile Unit. If any culprits had to be pointed out for having caused some unpleasantness (it was not very much; rather, they were jostling each other for the microphone to declare how much they were /enjoying/ [printed in italics] this day, or to exclaim: "Beautiful, beautiful to see"), then it was the policemen; plus Wiegel, and at a later stage, the government; and at the end even Shell. The discussion came to an end (with a VOLKSKRANT editor and a HAAGSE POST contributor as co-revellers) before the CIA could be brought up as scapegoat. (They had forgotten to include Anton Constandse in the "forum of journalists").

The riff-raff were not only defended, they were even encouraged. The most offensive aspect of the broadcast was the fostering of anti-democratic feelings. At practically the same time, horror was expressed -- and rightly so -- on the NOS [Netherlands Broadcasting Foundation] radio about a telephone call from a listener who wished that Hitler were still alive. On the VARA, it was noted with the greatest satisfaction that the institutions of the democratic system of law have had their day, that the only people in the House of Representatives were "sleepy dogs," that politicians only perform "fictitious work" and that "other means" are necessary to achieve the necessary changes in society"; the dawn of red tyranny glimmered there -- or was it a neo-fascist one? They were full of hope for a turbulent year; the attractive perspective of wild strikes was already greeted; a cheerful mood already developed about "a government out of control." It was actually pitiful to listen to, how they tried to make the rioting of despicable scum into a 1968 Paris rebellion. Hanneke Groenteman, in the heat of her

awakening revolution, said: "I remember that once a count was murdered in Sarajevo." [A "count"! Could the Reverend Van den Heuvel not have intervened at least in this small instance?). She already saw the appearance of 30 April in the history books as the (springing practically from /her/ [printed in italics] sole initiative) Beginning of the Big Revolution in the Netherlands. Oh, to be sure, nobody had died yet, but maybe this could still happen among the exasperated population.

That was the falseness of the performance: as if it concerned a large popular movement of rejects of the earth. That was the myth formation.

A myth, which was already picked up the next day by DE VOLKSKRANT in a leading article: "The large group of young people fought against a performance which seemed to stress the unjust relationships in society."

That VARA afternoon was rather like a small version of the "Troelstra mistake." But DE VOLKSKRANT also caught the fever. Apparently inflamed by the fire of revolution at the same time as Hanneke Groenteman and her entourage, the newspaper believed on Queen's Day itself and on the "morning after the night before" that it could already speak of a new "movement of the eighties" and discovered a "cultural struggle with socio-economic bases" in the destructive activities of street terrorists. There were visionary minds in the Schiller Hotel and in the VOLKSKRANT building on Wibaut street, who not only made fools of themselves: by their interpretation of the events they contributed in their own way to a myth formation which is dangerous to society. What nobody else had managed to discover in the wild, wanton assault, was seen by that handful of big minds: a cultural struggle. Could they still maintain this position when 2 days later, the "Autonomous," who apparently organized the whole thing, summarized their "goals" under the ideal of "theft." Did this mean that "new times" had dawned, as DE VOLKSKRANT wanted?

Another falsehood also manifested itself in this sad business: the pretense of solidarity with the under-currents of "the people." Because there was nothing of "the people" in that insurgent ho.de. Yet, they were sympathetic to that horde, and at the same time they spoke only with hate and scorn about the ordinary people, and they simply referred to them together as "the Orange public" and those who wanted to enjoy the festivities as "the last youth from Giethoorn." The second historic mistake was made /here/ [printed in italics], both at VARA headquarters and in the editorial staff room of DE VOLKSKRANT: they assumed that only the "clients of Orange" and "the citizens" would be scandalized by the actions of the "activists." They were mistaken with regard to a completely different solidarity: the solidarity of all those who want to maintain democracy and the constitutional state and who reject anarchy, and who believe in a different kind of lack of violence than that of the PSP supporters among the street revolutionaries, with rocks in their pacifist hands.

Actually, the eruption of 30 April was an inevitable one. An artificial anti-mood had been cultivated beforehand, which could not remain without consequences. DE VOLKSKRANT was still writing hypocritically about "setting up an alternative festivity," when the city was already full of posters which had nothing to do with "an alternative festivity." A call, such as "Look for work in the New Church," with the added recommendation: "Take work clothes and tools with you," cannot with the best will in the world be interpreted as a desire for a nice dance with Jan van der Pluym and Jan Blokker.

But the leftist news media still kept insisting that the planned security measures were ridiculously overdone, while several action groups had already announced their firm intention to upset the accession to the throne at any cost. The day /after/ [printed in italics] the battle, DE VOLKSKRANT wrote in its leading article: "Intensive security was inevitable," but then unashamed, having forgotten their own involvement in creating a mood /against/ [printed in italics] this security. It will probably be denied until the end of time by those involved, that they had a political goal in mind with their artificial raising of an anti-mood, but fortunately the reading of the account books is not forbidden, and then conclusions suggest themselves.

The media share in the responsibility for the eruptions, but in concrete terms this is as difficult to pin down afterwards as the answer to the question of whether the rock throwers on 30 April had not been encouraged in their foolhardiness by the fact that so /much/ [printed in italics] had been allowed immediately beforehand, from the hanging of the insulting banner about the "royal cleft" (thought up, it is said, by a theology student) to the posting of posters with revolutionary summonses: if the one is allowed, then why is the throwing of rocks suddenly no longer allowed?

Of course, there is no question of repentance after the sin for those involved either. The general management of VARA, who had the fright of their lives, quickly disassociated themselves from Hanneke Groenteman and her prophetic friends. But the latter hide themselves behind "a piece of journalistic work," and that is the end of the story.

It cannot be a surprise that this is also the view of DE VOLKSKRANT. Last Saturday's leading article proves it. "The messengers of unpleasant facts often must suffer," it said. And: "As if the media did not have to render the actual facts." But this is precisely the rub. That is indeed what the media must do. But is it by any chance the intention of DE VOLKSKRANT to claim that the newspaper and VARA reported the /actual/ [printed in italics] and (unpleasant) facts? They only reported part of the actual facts, and that part then highly colored. The leading article itself sharply condemns "the alternative of suppressing or obscuring reality." What chutzpah! They have forgotten their own edition of 1 May for convenience' sake.

"It is not certain," wrote the paper, "that VARA and Radio City carefully fulfilled their journalistic task. That should be looked into." Maybe then they should take a look at themselves on the Wibaut street. Because

to allow only "demonstrators" and "action leaders" in the report during the whole day; late in the afternoon only discover "loose matters," and by evening a few "rioters" (moreover, no more than "approximately 30"); but further, in a consequent manner, to continue to give the impression that it still only concerned "squatters"; and also to refer to the street revolutionaries as "opponents of the police"; next, to avoid totally discussing who destroyed stalls and set cars on fire (maybe it was even the Mobile Unit); and, finally, /not to mention at all/ [printed in italics] that shop windows succumbed or that there was looting, -- there is a "journalistic work" which precisely fits the "alternative of suppressing or obscuring reality." And a leading article writer who is thus enlightened by his reporter colleagues could possibly even really begin to believe that a "cultural struggle" took place.

Is the person who notes these facts at VARA radio and at DE VOLKSKRANT observing a provocation? This is another thing that they want us to believe.

"Thanks to these events, it turned out to be a festive day after all," exclaimed Hanneke Groenteman on the evening of 30 April, while the "cultural combatants" began to "steal" at the V & D [expansion unknown]. "We are assuming that the intentions were good," they said afterwards at VARA. Even good, it must be assumed, as the intentions of Radio City which on 1 May, under the title "Establish the Balance Sheet," assumed that one might speak "of a /respectable/ [printed in italics] number of injured among the policemen."

8463
CSO: 3105

DUTCH CAPABLE OF CONSTRUCTING SATELLITES

Rotterdam NRC HANDELSBLAD in Dutch 29 Apr 80 p 17

[Article by Simon Rozendaal: "Holland Can Construct Satellites"]

> [Text] Straatsburg, 29 April--Holland must introduce a proposal in the United Nations for setting up an international satellite project for developing countries. According to the EARS [Environmental Analysis and Remote Sensing] engineering office in Delft, a report it drafted during a previous week--but not yet published, contains the suggestion that time is ripe for such an initiative and that there are technical-industrial possibilities for this in Holland.

The EARS engineering office report is financed by the Ministry for Scientific Policy which is now requesting support at a departmental level for such an initiative which for years has been a pet subject of this ministry. The EARS report asserts that many developing countries are availing themselves of the so-called remote-sensing-satellite (also appropriately called tele-detecting satellite).

With the help of photographic techniques (which include infrared and microwave methods) such satellites can make sharp resolution observations (up to 10 or so meters) of the Earth's surface.

The Delft engineering office named some special projects where such Dutch initiative could be put to test: the encroaching desert in the Sahel countries, the control of waters in the Nile Delta and the deforestation in Indonesia.

Between Holland (which spends about 100 millions in space travel) and Indonesia consultations are already underway on a bilateral remote sensing project (known as TERS) and just this past November a Dutch delegation was in Indonesia to discuss this collaboration.

Viewed from an international political point of view the consultation about such Earth observation satellites is in a sort of impasse. To a certain extent this is due to the fact that the United States (with its Landsat-satellites) and the Soviet Union (which has a clear lead in this field) are also interested in military observations. On the other hand there is a requirement on the part of the developing countries for combating things such as deforestation, advancing deserts, and locust plagues by means of such advanced technological projects.

According to the Delft engineering office, which has consulted some 40 experts for this study, a realignment of Dutch space policy from scientific satellites to remote sensing satellites could very well fall under the objectives of Dutch policy regarding developmental collaboration.

Moreover it will be possible to find occasions for joining United Nations conferences such as the one held in Nairobi in 1977 on the subject of the encroaching desert where it is now a matter of record that there is need for such observation projects.

During February an official of the Dutch Ministry of Scientific Policy introduced the idea of an international satellite project for developing countries to a United Nations committee. From the reactions to this suggestion it appears that a number of developing countries would welcome such an international political initiative on the part of Holland as an effort to break the monopolies of the Soviet Union and of the United States in this field.

As can be gathered from the lobbies of the international space travel conference held in Straatsburg, Dutch industry is sympathetic towards such an initiative, but does not see anything coming of it in the immediate future. Because next year, following the rounding off of the second Dutch space travel IRAS report, there is a threat that something may go wrong from a financial and job opportunity point of view (the Fokker Factory employs abour 175 people in space travel). Industries like Fokker and Philips (Holland Signal Equipment) would very much like to build a scientific satellite again in order to keep their fingers in practice for the remote sensing project which they also consider as attractive.

7964
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ARMED FORCES TO OUTFIT ALL PERSONNEL WITH ABC UNIFORMS

Oslo AFTENPOSTEN in Norwegian 29 Apr 80 p 64

[Article by Knut Falchenberg]

[Text] "Water. Lots of warm water under pressure. That is our primary weapon," says Major Leiv Inge Frovold, who is always prepared for the worst mishaps that can strike our country. He is acting chief of the armed forces' ABC school, where soldiers and officers are trained in defensive measures against radioactive fallout, chemical weapons, and biological warfare. All branches of the armed forces are now working to equip their soldiers with personal protective clothing, AFTENPOSTEN has been told.

A gray powder is sprinkled over a hill. After a few seconds the powder becomes red. A piece of so-called detection paper is pressed against a few drops on a tree stump. This paper also changes color. There is no longer any doubt--it has "rained" liquid nerve gas here. Each drop is highly dangerous if it comes in contact with human skin.

This time it was an exercise. Instead of real nerve gas, the officers at the ABC school had sprinkled a little liquid practice gas over the terrain at Hvalsmoen near Honefoss. The practice gas is not dangerous but it gives the students at the school realistic training in identifying various types of chemical weapons.

Even though such weapons are called gases, they are always liquids. They are dangerous in the form of drops on the skin. Finely divided drops in the air or evaporated gas can also kill a person who breathes in the compounds.

A military truck is "contaminated." "Nerve gas" in the form of small, almost invisible, drops is on the armor plating and the canvas. But the four men who must clean it know what to do. They look almost like monsters from a science fiction film in their green protective clothing. Their hands are covered with rubber gloves and their faces hidden behind gas masks.

Their most important weapon is water, preferably with solvents added. If nothing else is available, ordinary washing powder can be added. The water is pumped up from a river in the vacinity. A gasoline-powered heater called the Sanator heats the water to over 40 degrees.

The men start washing the truck. The pressure in the stream of water is at maximum because all the poison must be removed.

After purification, test powder will be sprinkled on the truck. If the powder retains its gray color, this means the "nerve gas" has been removed by the washing. If the powder becomes red, it means the men have done a poor job.

"Whew. It sure gets hot in this protective suit," says soldier Asbjorn Senneset from Trondheim, taking off his gas mask. He is doing his military service at the ABC school in Hvalsmoen. (ABC stands for atomic, biological and chemical weapons).

"We do not just clean vehicles and material. Our task is to clean people, as well. A while back we received some good training in this. After the Holmenkoll march we ran almost 8,000 of the participants through military field showers," Senneset says.

Clean Shave

Actually, the ABC school should require clean shaves for all the nearly 300 students taking courses here every year. Because at this school, the gas mask is just as important as the pencil and notebook. A gas mask should fit tightly around the face and a beard is a handicap during gas mask training.

During peacetime, however, the school takes a liberal view on this matter. But during a war, all such details will be important if the soldier is to survive an attack with chemical weapons. Then, there will be no room for tolerance. In a proposal of new directives for ABC defense, the school has taken just such details into account. Thus, in one of the points, it is advocated that all Norwegian troops immediately shave during mobilization. In another point, it is proposed that all soldiers be equipped with so-called detection paper for military gases so that the soldier can test himself to see if he has been contaminated.

"My impression is that the military is increasingly making greater demands on itself with respect to protective measures against such horrible weapons. In other NATO countries, too, the interest in and appropriations for protective equipment are increasing," the acting head of the school, Leiv Inge Frovold tells AFTENPOSTEN.

He says that one of the school's most important courses is the training of personnel for the military's ABC defense troops. These troops consist of 43 men. They must be able to establish that ABC weapons have been used.

A truck "contaminated" by nerve gas is cleaned by high pressure water, warmed to 40°C by the device to the left.

They must be able to warn people in the danger zone and as soon as an attacker uses such weapons, the troops must warn the NATO leadership in Brussels within a short time. Further, these troops must be able to cleanse people and equipment that have come into contact with radioactive fallout or chemical weapons.

During peacetime, Norway has only one such unit--the one at Hvalsmoen. But during a mobilization such special troops would be set up in all of the country's defense districts. These men are provided with protective clothing that permits them to work in contaminated areas for at least 24 hours, Frovold says.

The school is also training seek-and-purify teams. All the country's military units down to company size will have four-man teams of specialists.

In addition to courses for such personnel, the school is also training people in a number of other categories. For example, military veterinarians are learning how to detect poisons in food and drink.

"Perhaps our greatest weakness is that people educated here do not receive enough endurance training. Working many hours in full protective gear in an environment of deadly poison demands long periods of psychological and practical training," Frovold says.

At present, the ordinary Norwegian soldier is not equipped with his own protective clothing against chemical weapons. The navy and air force have procured some suits for the groups that are presumably the most vulnerable. In the army, it is mainly just a few specialists who are equipped with such suits. However, all branches of the armed forces have decided that every man shall receive his own protective suit, purchased at a rate permitted by appropriations.

9336
CSO: 3108

DESPITE NEW LAW, LITTLE INTEREST IN MILITARY POLITICAL GROUPS

Oslo AFTENPOSTEN in Norwegian 30 Apr 80 p 64

[Article by Knut Falchenberg]

[Text] The much discussed reform concerning political activity in the armed forces has not made soldiers rush head over heals to participate in meetings. Nor have the political organizations followed up their newly won right to arrange meetings on military areas. During the 5 months the reform has been in effect, the defense department has been informed of only two meetings, of which one was called off due to low attendence.

Beginning with the new year, the armed forces opened the door for political activities, after a heated public debate that lasted for several years.

Just 16 days into the new year, the Young Conservatives opened with a meeting at the navy's recruit school, the KNM "Harald Harfagre" at Stavanger. Even though the military provided bus transportation from the Vatne camp and Sola air base, no more than 60 people showed up.

Later that month, Jorstadmoen near Lillehammer followed suit. At the camp's welfare office, AFTENPOSTEN was informed that this meeting was jointly arranged by several political organizations. But when it turned out that there were more speakers than soldiers at the meeting, it was called off.

All such meetings are to be reported to the Defense Department. There, assistant secretary John Sundhagen said that so far, they know only of these two meetings. Moreover, in both cases regulations were broken. At the KNM "Harald Harfagre," participants were bused in from other camps, contrary to regulations, and at Jorstadmoen the arrangers exceeded the number of organizations that can arrange a meeting.

"These breaches must be written up as kinks in the 'breaking-in' period," assistant secretary Sundhagen said.

9336
CSO: 3108

SHIP LINE PLEASED WITH COUNTRY'S JOING IDB

Oslo AFTENPOSTEN in Norwegian 12 May 80 p 33

[Article: "Norway's Joing IDB A Positive Step"]

[Text] "We are pleased that Norway will seek membership in the Interamerican Development Bank (IDB). After all, we have lost considerable sums over the years due to the absence of Norway's membership in the development bank," Ivarens Rederi tells AFTENPOSTEN.

A/S Ivarans Rederi carries out regular shipping traffic between the east coast of the United States and the east coast of South America. As the only third-country line of any significance, the shipping company is subject to great restrictions on its ability to compete for cargo, going southward and northward. Especially with exports from the United States to South America the company's activity had traditionally been sharply curtailed, since most of the cargo is subject to various discriminating regulations with respect to the ship's flag.

In addition to these regulations, imports to South America financed by the IDB must be sent on ships registered in countries that are members of the IDB. Thus, from year to year the company has lost considerable sums due to the lack of opportunity to compete for such cargo.

Ivarans Rederi anticipates that membership in the IDB will result in increased amounts of cargo for the company and it is also expected that the Norwegian export industry will sign contracts of great economic significance. Thus, the appropriation parliament must provide in connection with Norway's membership in the development bank will by and large pay for itself, it is said.

9336
CSO: 3108

BRIEFS

SVALBARD FISHING REGULATIONS--Oslo, 14 Apr--The Ministry of Fisheries has published new regulations for fishing at Svalbard. They include increasing the minimum for cod and haddock, increased size of mesh in nets for trawling shrimp, forbidding the use of floating trawls when fishing for cod and pollack, and increasing the size of mesh in nets for trawling code after 1 Jan 81. The regulations apply for both Norwegian and foreign fishermen. There have been regulations established for the Svalbard area for a long time. They apply both to Norwegian and foreign fishing in the Norwegian economic zone in the northern areas, and in the Soviet zone of the Barents Sea. [Text] [Oslo AFTENPOSTEN in Norwegian 14 Apr 80 p 7] 9287

CSO: 5200

'AVANTE' REPORTS ON COMMUNIST YOUTH CONGRESS

Makeup of JCP

Lisbon AVANTE in Portuguese 29 May 80 p 6

[Text] In his address, Comrade Henrique Neves provided various figures concerning the Portuguese Communist Youth Congress (JCP), including the following.

According to the organization evaluation made shortly prior to the congress, the JCP has in its ranks more than 35,750 members.

Since the communist youth unification rally, more than 8,600 young people have joined the JCP.

As to its social structure, we find that 55.5 percent are young workers, 34.3 percent are students, and 10.2 percent various.

With regard to the age structure, 5.7 percent are under 14, 46.8 percent between 14 and 19, and 44.3 percent over 20 years of age.

Young women account for 25.2 percent of the total.

Central Committee

The more than 1,000 delegates to the First Portuguese Communist Youth Congress elected a Central Committee of 133 members late Sunday morning, in accordance with the approved agenda.

The slate submitted to the congress by the national leadership of the JCP was approved by a majority, with 18 votes against it and 81 abstentions.

The average age of the members of the Central Committee is 20, the youngest of its members (15) being Emilia Domingos Marques, a student at the Marinha Grande Secondary School, and the oldest (28) Horacio Rufino, member of the Executive Board of the Central Committee and the CC of the

PCP [Central Committee of the Portuguese Communist Party]. Of all the members of the Central Committee, 56 percent are under 20, 37 percent between 21 and 25, and 7 percent over 25 years of age.

In terms of social structure, 35 percent of the members of the Central Committee are industrial workers, 7.5 percent farm workers, 19 percent office employees and 38.5 percent students (of whom 52 percent are secondary school students, 5 percent are in teacher training and 43 percent are college students).

Young women represent 19.5 percent of the Central Committee of the JCP.

Guiding Principles for Militants

Lisbon AVANTE in Portuguese 29 May 80 p 8

[Text] I. JCP as the Revolutionary Vanguard of Portuguese Youth

1. The JCP is the vanguard organization of Portuguese youth.

2. The JCP, the autonomous youth organization of the PCP, follows the heroic revolutionary traditions of generations of young communists and the example, experience and lessons in the struggle of the PCP.

3. The JCP directs its actions on the basis of the principles of Marxism-Leninism and proletarian internationalism.

4. In the JCP, the young communists--workers, peasants, office employees and students--are organized for the youth struggle in defense of their rights and interests, in defense and pursuit of the April conquests, and for a more just and happy future--socialism and communism.

5. In the JCP, the young communists participate in the struggle of the Portuguese people, alongside the workers' class and the Portuguese Communist Party, being trained in a spirit of dedication and fidelity to the workers' class, the people and the country, and are being prepared for the tasks which will fall to them in the Portugal of the future, which will be built in accordance with the will of the Portuguese people.

6. The members of the JCP are gaining a communist conscience through collective labor, creative activity, study and organized struggle.

7. In the JCP, the young communists intimately and forcefully embrace the bonds of friendship, joint action and the solidarity which link the peoples and the youth of the entire world in the struggle for peace, democracy, national independence, social progress and socialism.

II. With the JCP in the Organized Struggle

1. The JCP is an organization open to the masses and profoundly linked with the young people, in which coexistence, fraternity and friendship develop, as do the spirit of participation, initiative and individual and collective responsibility.

2. All young people who identify with its goals of struggle and action and its organic principles and who participate in one way or another in its activities or undertakings can be members of the JCP.

3. All members of the JCP have equal duties and rights.

4. The militant in the JCP has the following duties:

a) To participate in the work of his body or collective and in the activities or undertakings of the JCP, contributing to recruiting, strengthening the organization and implementation of the guidelines adopted.

b) Strengthening the links between the JCP and the masses, working for the rights and aspirations of the youth, listening to the opinions of young people and contributing to the strengthening of the united structures of the youth movement.

c) Strengthening the prestige of the JCP by his example.

d) Seeking to raise the level of his political and ideological knowledge. The members of the JCP must have a positive attitude toward work and study, so as to utilize or learn to utilize their professional aptitudes competently in the service of the people.

e) Observing the discipline of the organization and working toward its observance.

f) Engaging in and encouraging the process of criticism and self-criticism.

g) Contributing to the financing of the activities of the JCP.

5. The militant in the JCP has the following rights:

a) To contribute to the definition of the guidelines of the JCP, participating in the discussions pursued within the organization.

b) To criticize, within the organization, any member, collective or leadership body of the JCP.

c) To participate in elections and to be elected to leadership bodies of the JCP.

d) To be heard whenever his conduct is the subject of resolutions, and in the event of disagreement with the resolution approved, to appeal for renewed discussion in the higher bodies of the JCP.

6. Groups of young people (musical, athletic, cultural, recreational groups) can be collective members of the JCP, independent of the individual enrollment of their members.

7. Approval of collective membership is the task of the Central Committee or the body it may designate.

8. The collective members of the JCP will participate in the activities of the JCP through their own specific action.

9. The collective members of the JCP have the right to be represented in the undertakings of the organization through the members they appoint.

10. The norms for the internal functioning of the JCP are based on the principles of democratic centralism, which entail:

a) Election of the leadership bodies.

b) Compulsory rendering of accounts of the activities of the leadership bodies to the organization and maximal attention to the opinions and criticisms of the latter.

c) Collective implementation of the decisions adopted by the majority or by the leadership bodies.

11. Provisionally or in an exceptional situation, cooptation or the total or partial appointment of leadership bodies may be utilized.

12. In the internal life of the JCP, individual and collective initiative is valued in frank discussion, respect for others' opinions and contributions, and fraternity in relations among members, which are basic conditions for dynamism and unity in the collectives.

III. Leadership Bodies of the JCP

1. The Congress is the highest body of the JCP.

2. The duties of the Congress are:

a) To define all aspects of the guidelines of the JCP.

b) To approve the organic principles of the JCP.

c) To elect the Central Committee.

3. The Central Committee directs the JCP in the intervals between Congresses.

4. The duties of the Central Committee are:

a) To convoke the Congress and to establish the norms for representation.

b) To direct the political, ideological and organizational work of the JCP, in accordance with the guidelines set forth at the Congress.

c) To administer the financial resources.

d) To manage the international relations of the JCP.

5. The Central Committee will elect from among its acting members the executive bodies it deems necessary and will define their authority and the norms for their functioning.

6. On the level of the regional and sectorial organizations, the organizational meeting or assembly is the highest organ. The meetings or assemblies will elect a leadership body and define guidelines for the regional or sectorial organization consistent with the general guidelines of the JCP.

7. The higher educational organization will have its own leadership bodies which will have the authority to define, within the general guidelines of the JCP, the guidelines for all aspects of the work in higher education, being bound to fulfill the resolutions of a political, organic and personnel nature of the Central Committee and its executive body.

8. The national higher educational conference can be convoked by the central higher educational leadership, in accordance with a resolution of the Congress or the Central Committee of the JCP. It will have the duty of defining the guidelines for the work in higher education in accordance with the general guidelines of the JCP and electing the central higher educational leadership. The central higher educational leadership can elect such executive bodies as it deems necessary.

IV. The Base Collectives of the JCP

1. The base collectives are the strongest elements linking the JCP with the young people, and it falls to them to contribute to the drafting and implementation of the guidelines best suited to their sector, as well as the political line of the JCP, and to promote the militant action of the organization and the struggle and activity of the masses.

2. The collectives are organized in enterprises and JCPs, in schools and residential areas, and collectives can be organized for more specific labor fronts.

3. The collectives are guided by the leadership organs and their decisions are made in assemblies or plenary meetings which may elect a secretariat.

4. Young people who are not members of the JCP can attend the meetings of the collectives, without the right to vote.

V. JCP Discipline

1. The discipline of the communist is based on individual and collective awareness of the needs of organized action. Discipline is required equally of all the militants in the JCP.

2. Depending on the seriousness of the violation committed and the responsibility of the militant in the JCP, the following disciplinary sanctions can be applied: reprimand, temporary suspension of activity, dismissal from a leadership body and expulsion from the organization. The sanctions can only be applied by the leadership body. A reprimand or dismissal from a leadership body and temporary suspension of activity will be ordered by the immediately superior leadership body. Expulsion can only be ordered by the Central Committee or the body it designates.

3. Until a violation committed by a militant has been proven or the responsible body has made a decision, the activities of the militant can be suspended by the body to which he belongs, which is required to report this to the immediately superior leadership body.

VI. JCP Funds

1. The funds of the JCP come from the dues paid by its members, activities and sales of materials and contributions by militant friends.

2. The administration of the funds is the duty of the Central Committee, which has authority to delegate this function to another body.

Final Document Approved

Lisbon AVANTE in Portuguese 29 May 80 p 8

[Text] The base document approved by an overwhelming majority at the First Congress of the JCP (there were only 14 abstentions) represents a powerful tool of work in the hands of the more than 35,000 young communi[illegible] It is entitled "April Youth Advancing Toward the Future," which was mo[illegible] over the slogan of the congress of the young communists, and is divided into four parts, which were subjected to intensive prior discussion by all of the JCP organizations as of last 20 April, resulting in more than 250 suggested changes assessed by the congress during its work.

The first part of the document is entitled "Being Young in Portugal at the Beginning of the 1980s." The second part presents to the entire youth of our country "A Platform for Unity Among Portuguese Youth." The third part of the document is devoted to an analysis of "The Youth Movement," and finally, part four deals with the role of the "JCP--The Vanguard of Portuguese Youth."

Being Young in Portugal at the Beginning of the 1980s

"Youth is an important force in the April Portugal," the document says at the beginning of this section. And it gives figures for 1975, showing that in that year a quarter of the total population of the country was made up of young people from 10 to 24 years of age (about 2 1/2 million). Of these, more than 1,100,000 were included in the active population, representing 32 percent of its total.

And in this connection, the document specifies that the working youth is made up of more than 200,000 young workers employed in the processing industries, about 80,000 in construction and tens of thousands of others in extractive industries, the electrical sector and agriculture. As to peasant youth, there are thousands laboring on the land in the northern and central parts of the country. Young office employees total more than 300,000, distributed in the services (152,000), trade (113,000) and transportation and communications (52,000) sectors. The young students come to a total of about 400,000 in the secondary schools and 87,000 in higher education. Finally, there are more than 300,000 unemployed youth.

The document says that the 2.5 million young people, involved in the widest variety of economic and social activities, are inseparably linked through their work and studies, their manner of thinking and living, with the Portugal which emerged from the April event and the prospects opened up then for the building of a new country, a new life.

And it adds that uniting the youth is thus uniting a tremendous social force, on whose efforts, will, intelligence and creative capacity the future of democratic and socialist Portugal, and the collective destiny of the Portuguese fatherland depends in large part.

At this point a further analysis is made of the feelings, aspirations, problems and interests of young people as factors in unity, the trends of youth interests and preference (dealing with matters such as athletics, music, forms of group entertainment, ecological and environmental problems, drugs and the cult of violence).

A Platform for Unity Among Portuguese Youth

The document approved at the congress of the JCP sets forth for all the young people in our country a platform for unity, designed to achieve the following goals: strengthening the bonds of action and cooperation

among young people, aiding them to overcome barriers, divisions and differences; contributing to the solution of the main problems and aspirations of young people; strengthening the contribution of young people to the struggle of the Portuguese people, with a view to imposing a democratic wing on domestic politics and putting an end to the policies destructive to the 25 April gains.

Six directions for struggle are set forth in this platform for unity: defense of the April Portugal, democracy and freedom; combating unemployment and lack of job security; guaranteeing education along the path of democracy and social advance, such as to ensure solid vocational training; building in the present for a happy future, struggling for a better life; spending free time in a healthy and creative fashion; safeguarding peace, struggling for disarmament and combating imperialism.

The traditions of struggle among the young people in defense of the April Portugal are moreover a reality, as the document stresses, through their active participation in the great campaigns of struggle and resistance by the Portuguese people and their participation in the front lines of battle in the heroic struggles in defense of agrarian reform. However, the struggles in defense of the constitution, for workers' control, denouncing Portuguese submission to the imperialists and the goals and results of Portuguese membership in the EEC are, for example, fronts to which the young people must be won over.

Since unemployment is the greatest problem for Portuguese youth, particular concern is devoted to it in this chapter, pursuant, moreover, to the various campaigns undertaken on this front by the former UJC [Union of Communist Youth] and the former UEC [Union of Communist Students] (National Encounter, Week of Struggle, youth demonstrations and discussions).

In the platform for unity, the young communists demand from the organs of power that a series of measures be pursued (such as the implementation of the decree law granting unemployment compensation to young people seeking their first jobs with family responsibilities, regulation of term contracts, the drafting of apprenticeship statutes, revocation of the decree liberalizing dismissals without justification, revocation of the decree permitting declaration of enterprises in economic difficulty, and reorganization of the National Job Service, among others) falling within the context of the need for a new employment policy.

Also, where education is concerned, the young communists denounce the profound, overall and very complex crisis this sector is experiencing. The basic characteristics of this crisis are the facts that the educational system has marked class characteristics, is increasingly divorced from and ill adapted to the new economic and social realities in the April Portugal, as stressed by the deterioration of its scientific and teaching quality.

In higher education, the young communists demand adaptation to the economic and social needs of the country, the democratization of the universities and the adoption of just methods of evaluating knowledge, among other measures. Where secondary education is concerned, the defense of the unified teaching plan, guarantees of effective vocational training, and improvement in study conditions and the quality of teaching are demanded, as well as the adoption of just methods of assessment, through continuing evaluation as opposed to national examination. As to the worker-student, demands call for making the existing night courses permanent, revision and adaptation of teaching programs and methods, elimination of shortcomings of a discriminatory nature, the establishment of extension courses and the revival of the Open University project. The demands include elimination of the Teacher Training Year.

The Youth Movement

This chapter analyzes the main components in the youth movement in our country, which is regarded as in a stage of development and growth, although it already has a dynamic nature, multiple forms of organization and activity, and a basically democratic and progressive aspect.

The main components of the youth movement are the united youth structures being developed in the trade unions and enterprises; the various youth structures in the neighborhoods and localities for leisure-time activities and access to cultural and recreational facilities; the organizations of worker-students in the night schools; the movement to organize the students in higher education; the movement to organize the students in secondary education; the student movement in normal schools and social movements and opinion factions of various sorts.

The base document approved by the congress states that the youth movement, under Portugal's historic conditions, is a movement in which democratic and progressive feelings and ideas are developing predominantly. Fascism, despite the mechanisms and efforts it has sponsored, has not succeeded in achieving its goals. Since 25 April the youth have made a very important contribution to the great goals of the workers' and people's movement, the defense of freedom and democracy, and profound economic and social changes in the country.

The JCP as the Vanguard of Portuguese Youth

The last part of the base document of the First Congress of the JCP speaks precisely of the organization of the young Portuguese communists which was established on 10 November of last year as a result of the merger of the UJC and the UEC.

Asserting its role as the vanguard of Portuguese youth which, since its establishment, has been contributing to the strengthening and the development

of unity and action in the youth movement, the JCP is orienting its action on the basis of the principles of Marxism-Leninism and proletarian internationalism.

And it further stresses that the JCP, an autonomous youth organization of the PCP, will pursue the rich and heroic revolutionary traditions of the generations of communist youth, following the example, experience and lessons learned in the struggle by the vanguard of the workers' class, the PCP.

Cunhal Addresses Congress

Lisbon AVANTE in Portuguese 29 May 80 pp 6-7

[Text] "Comrades:

The First Congress of the JCP is coming to the end of its work.

This is the first congress of the JCP, but not the first congress of Portuguese communist youth.

This first congress of the JCP was preceded by a long history of many decades, during which successive generations of young communists, before and after the 25 April event, using various organic forms consistent with the specific conditions in existence, set noble examples of courage, combativity and self-sacrifice in the struggle for the cause of freedom, national independence, peace and socialism--the cause of youth.

This is therefore a new moment being experienced by the communist youth at this congress, a new organization which is starting out, new solutions being found, and a new stage in the activity of the young communists and the struggle of the youth we have ahead of us.

The congress opens up broad prospects for the activities of youth in general.

We are certain that the decisions of this first congress will be put into practice by the JCP, by each and all of its militants, certain that the decisions adopted are correct, united in a single will, firmly determined to prove in life that the path set forth by the congress is the right one.

Youth, a Social Force

The preparatory work for and the conclusions of the congress represent a qualitative advance where the analysis of the situation of young people, the definition of the goals of their struggle, the description of their movement, as well as the forms of organization, criteria for acceptance, tasks and style of work of the JCP are concerned.

/ thesis with serious political and practical significance has been established, defining youth as a social force which, although diversified, has within it common problems, feelings and aspirations.

There is also serious meaning in the proclamation of the political documents of the congress to the effect that overall, youth is linked by labor and study and by manner of feeling and living to the Portugal which emerged from the April events, to the prospects opened up then for the building of a new country, a new life.

It is therefore just to set as a task the uniting of young people, considered as a whole.

Such a program does not however mean that young people are regarded as a social force separate from the division of society into classes, or that the class interests and contradictions which are also present in the problems, the interests, the life, the activities and the differences among young people are forgotten.

When this congress took up the common interests, feelings and aspirations of young people as a social force, it gave proper emphasis to athletics, music, social activities and leisure time.

But not these things alone.

The congress emphasized that this social force which is our young people cannot be limited to spending its time as best it can in an attitude of contemplation of the great battles being waged in Portugal and the world.

In regarding youth as a social force, the JCP has in view winning it over for action, for struggle, for intervention, in order to resolve the more urgent problems of youth, in order to participate actively in the workers' and people's movement, in order to participate in the struggle against the reactionary offensive, in defense of the April conquests and the democratic regime and the constitution, in order to transform Portugal into a more worthy and more just society in which youth and all of the Portuguese people can see all of their aspirations realized.

Activities Attractive to Young People

The documents of the congress broadly develop the goals and the forms of struggle for young people and the various components of the youth movement, setting forth how to spend free time in healthy and creative fashion and providing a profound analysis of the main poles of attraction and preference for young people.

The congress, taking up the basic problems and goals of young people, simultaneous with consideration of their movement and struggle and the major activities attractive to and preferred by young people, notes the

basic motivations of young people at the present time, the incentives in their lives and activity in society.

A profound and accurate knowledge both of the problems of youth and their fields of interest--sports, socializing and music among others--is essential to a proper direction and activity.

Making an assessment of the fields of interest, the JCP does not however assume a passive, neutral or tolerant role.

The JCP rightly criticizes and firmly combats phenomena destructive to youth, such as drugs, singles out and combats negative tendencies, and suggests new and constructive elements in the fields of activity.

The task is not only to know and to study the preferences of youth.

Within the framework of the preferences and fields of interest for young people, the task is to win them over to proper solutions, to struggle, to creative transformation of Portuguese society, including the transformation of their own lives as young people.

When in the documents of the congress we analyze the "Platform for the Unity of Portuguese Youth," the problems pertaining to youth movements and the development of the JCP, the presence and the activity of young people in our national life, labor and struggle appear as the basis of the situation.

Work and struggle are not merely a reality and a necessity, a social duty and a civic duty, but also fields of interest, and among the most powerful fields of interest for young people.

Work is the source of well-being and happiness for man and struggle is the attitude toward life and the path of the future.

Labor as a Source of Well-Being and Happiness

In Portuguese society, as a result of capitalist exploitation, the miserable conditions of life for a large part of the working population, the campaigns of the employers and right-wing government, the repressive climate existing in a number of enterprises and farm sectors, labor is in many cases a painful activity carried out because it is necessary, but with no attraction in itself (beyond ethical reasons).

But even in Portuguese society, thanks to the revolutionary changes since 25 April, work has been taken up as an exalting form of exercising the will and creative energy in vast sectors of the national economy--specifically agrarian reform and the enterprises under worker control.

In these cases, work becomes a revolutionary activity, a form of combat, an expression of determination and heroism.

The seeds and the harvest in agrarian reform are as important as political actions and mass struggle.

In the process of the Portuguese revolution, labor--and often voluntary, uncompensated labor in the direct service of the people, of social, cultural and political achievement--has served as a weapon of major importance in the revolutionary conquests and social achievement. It continues to function for their defense.

There are those who are surprised by the successes of the young communists and communists in general. They do not understand the reasons for these achievements and the ability to carry through great accomplishments.

Well then, one of the major reasons for the successes of the communists is that they do not wait for others to do what it falls to them to do, in other words that the communists work and work hard when necessary.

Struggle, an Attitude Toward Life and the Path of the Future

With the goals and the various methods set forth in the platform approved by the congress, struggle is a strong motivation for the young people who are aware of their own situation and their own problems, as well as the situation and the problems of our people and our country.

As synthesized in the report of the national commission to the congress, struggle has developed and must continue to develop in three basic directions:

First, the defense of the April Portugal and its conquests, specifically freedoms, agrarian reform, nationalizations, and workers' rights;

Second, defense of the specific interests of young people, specifically the right to work, education and a vocational future, education along the path of the future; and

Third, use of leisure time in a healthy and creative fashion.

For the communist youth, struggle is not merely a duty. It is a way of thinking, of acting, of being in life.

It is the task of the JCP to bring the vanguard of the masses and the masses of the vanguard closer together, and thus to win over the youth masses to the struggle.

The JCP, as the revolutionary organization that it is, places great stress in its activities on creating and promoting the activities which

serve the needs of the young people's masses for culture, physical exercise, health, socializing and fraternization. It devotes a good part of its energy to the organization of the free time of young people.

Simultaneously it encourages the characteristics of revolutionary morality, such as respect for the truth, intolerance of injustice, and solidarity--all reflected in readiness for struggle, as factors inspiring conduct and an attitude toward life, and as components in joy, exaltation and happiness.

To cease to struggle is to die.

The communist youth follow another path--living and struggling.

In the current situation, this path takes on key importance because Portuguese democracy and its conquests are threatened, and because in the struggles of today and the coming months, the future of our country for many years will be decided.

The Path of the Sa Carneiro Government Toward Defeat

Having achieved a fragile and precarious majority in the Assembly, the reactionary Alliance, with the establishment of the new cabinet, overestimated its own strength and underestimated that of the workers' and people's movement.

The reactionary Alliance believed that it could block the struggle and the resistance of the workers' and the people's masses with threats and intimidation, with repressive actions, with shock police forces and the use of the GNR [Republican National Guard] in the old fashion, and with attacks, censorship and manipulation of the mass media.

The reactionaries met with the unexpected.

Contrary to their desires and calculations, the popular struggle developed in headlong fashion.

Major strikes, demonstrations and gatherings followed one upon the other. The agrarian reform workers would not bow before the repressive measures and despite the brutality of the MAP [Ministry of Agriculture and Fisheries] and the GNR, they insisted quite rightly on working the land stolen from the UCPs and gathering the waiting harvest.

Resistance is increasing day by day. A powerful upsurge in the people's struggle is being seen.

We want to salute here the outstanding role played by the young people on all the popular struggle fronts and to stress the magnificent work of the JCP in the enlightenment, mobilization and struggle of the youth masses.

Weakened by popular resistance, facing the new realities created by the revolution, unable to prevent the functioning of democratic institutions, the government has experienced its first reverses and failures.

It is no exaggeration to say that, pounded by the towering waves of mass struggle, the vessel of the reactionary Alliance is beginning to ship water on all sides. And in the end it will sink.

Also contrary to what the government expected, the institutions are functioning.

The unconstitutional laws which the government sought to use to turn over nationalized sectors to heavy capital failed to pass.

The provocative effort to get the law approved again despite the fact that the Council of the Revolution declared it unconstitutional failed.

The attempt to get the unconstitutional crisis law promulgated in the absence of the president of the republic was frustrated. Instead of approval, this duplicity by the reactionary Alliance met with a unanimous vote of the constitutional commission declaring it unconstitutional.

Another new development seen is that the courts are not yielding to reactionary pressure, are declaring the decisions and actions of the government illegal, and deciding in favor of the workers. The recent judgment by the court in Setubal to the effect that the agrarian reform workers have a right to work on the illegally reserved land and cannot be arrested by the GNR for so doing has political and legal scope of great value.

The government is ignoring the courts. The GNR insists on acting.

But the workers too are continuing, as is their right, to work the illegally reserved land and to collect the waiting harvest.

The struggle continues and agrarian reform will triumph.

In foreign policy, the attitude of servile submission to the U.S. imperialists and imperialism in general and the blind pursuit of the cold war are resulting in shameful failure.

Failure in the campaign against the revolution in Afghanistan. The government refused the Afghan youth delegate scheduled to attend the congress a visa. But if it thought that it would thus avoid an understanding of the situation in Afghanistan and solidarity with the revolution there, it was categorically mistaken.

A fiasco also in cutting off economic relations with Iran. Failure in the military effort by the United States to intervene in Iran, with the support

of the PPD [Popular Democratic Party]-CDS [Social Democratic Center Party] government. Frustration in the servile effort to promote a boycott of the Olympic Games in Moscow, to which the Portuguese Olympic Committee gave the proper response by deciding that Portugal would participate.

A fiasco for the trip made by Sa Carneiro and Freitas do Amaral to Western Europe, resulting not only from the slight travel accident in London, but due to the series of blunders, awkward diplomatic moves, protocol errors and discrediting embarrassments which marked the abortive trip to the Common Market countries.

The Sa Carneiro government, the AD [Democratic Alliance] majority and the respective parties are not moreover just forces losing impetus and on the brink of new fiascos. They are forces which are rapidly disintegrating and rotting.

Contempt for legality has reached such shameless limits as to arouse indignation in the broadest sectors of Portuguese society.

Corruption is spreading in the ministries and the autarchic bodies of the reactionary Alliance.

Scandals of a moral sort are burgeoning like mushrooms on the highest levels of the PPD and the CDS, including the cabinet and the Assembly of the Republic.

The reactionary Alliance is rotten. It is polluting the Portuguese political and social atmosphere. Its removal from power is a requirement of national hygiene.

The AD government wants to create a crisis in the institutions and in the regime. The truth is that if there is a crisis which is ripening, it is a crisis in the AD government.

The AD government and the forces which support it have already demonstrated that they are not seeking to resolve the problems of the country, but only to reestablish the privileges and the unchecked exploitation of the days of fascism, to restore the businesses to the big capitalists and the land to the large estate-owners, to liquidate the democratic regime and to establish a new dictatorship.

A government dealing in coups, subversion and contempt for the law, a government which violates democratic legality in practically every one of its decisions, a government which is seeking passage of a census law which would incorporate Portuguese citizens and foreigners, both dead and alive, in other countries, and which is now proposing an electoral law which if passed, even without the lots they seek to achieve by means of absentee votes, would give the reactionary party eight more seats if the votes were

distributed as in the 1979 elections, a government which is not in a position to organize democratic elections because it wants at all costs to make the elections a masquerade--such a government has no legitimacy whatsoever.

As a result, the popular slogan "The struggle continues--Into the street with Sa Carneiro" is becoming ever more apt.

Youth in the Political Battles in Progress

In the immediate future, the young people, apart from their activities in the various sectors of interest and youth problems, are called upon to participate in two great political battles on which the future of our country in the coming years will to a large extent depend.

The first is the continuation of firm mass resistance (within the framework of the constitution and democratic legality) to the unconstitutional and illegal decisions and actions of the government, waging the battle step by step with regard to all the gains of the revolution, making the advance of the reactionaries difficult, and counterattacking whenever possible.

We must defend rights, freedoms, wages and social allocations, enterprises, land, cattle, machinery, the agrarian reform facilities and crops, legality and democratic life and the constitution--defending the April Portugal--step by step.

The second great political battle is to defeat the reactionaries in the coming elections for the Assembly of the Republic.

In both of these battles, the young people, led by the JCP, have a leading role to play. We are certain that the JCP will prove worthy of the confidence the youth and the party will place in it.

When the people say "Into the streets with Sa Carneiro" there are those who ask "How and when?"

To this question we answer that the constitution sets forth the situations and the methods for ousting the government. This can be done if a motion of confidence is raised in the Assembly of the Republic and fails to pass. This can be done if two motions of censure are passed. This can be done if the prime minister is dismissed by the president of the republic. And it can even be done if he is asked to resign.

And any one of these constitutional situations depending on decisions by the sovereign bodies can result basically either from the defeat and fiascos of the government or the struggle of the people's masses.

This means that the Sa Carneiro government can perfectly well be ousted before the next elections. And within the framework of the constitution and democratic legality, we will do everything to make this happen.

But if the Sa Carneiro government is not ousted before the coming elections, then it must be ousted as a result of the outcome of the elections.

And this means that it is essential to reduce the reactionary parties to a minority again in the Assembly of the Republic in the coming elections for that body, and it is also necessary to achieve a new advance for the PCP, a new advance for the APU.

The April Portugal, at this crucial hour, need[s] the young people--needs the energy, the will, the enthusiasm, the combativity, the initiative of the youth.

And needing the youth means needing the JCP, because it is the only democratic youth force in a position to enlighten young people and lead them in action in defense of the April Portugal.

We are certain that the JCP will be equal to the responsibilities which fall to it at this crucial hour for Portuguese democracy.

We are certain that the Central Committee which has just been elected by the congress will prove equal to the responsibilities entrusted to it and will successfully carry out its tasks, closely linked with the entire organization, all of the militants and the youth masses.

You will surely have noticed that when the members of the new Central Committee came to the front of the dais, there were several comrades who remained seated. They are among the most outstanding members of the old Central Committee. They were neither nominated nor elected. They will go now into party work. And they will certainly be very useful, for they will take with them the rich experience they have acquired in years of work and dedication in the communist youth ranks, the school for communists and the nursery for the party.

The delegation representing the Central Committee of the party at this congress will report to the party leadership on the work and the conclusions of the congress.

I believe that you will agree, comrades, that we can inform the Central Committee that the JCP will respond to the appeal and that just as the JCP can always count on the party, so the party can count on the JCP.

An Open JCP Attitude Toward Life and the Masses

The congress has focused intensely on the problems of development in the JCP and has set forth innovative lines of action, seeking to rise above

ossified and routine methods and to take into account in resolving the problems of development in the JCP the development of the situation, the practice and the inclinations of youth.

Referring to just some aspects of particular importance in organizational problems, emphasis should be given to more flexible concepts of the scope of organization and of the movement, the acceptance of members and structure and functioning.

In the cadre policy, we should insist that the membership take into account the characteristics, difficulties, potential and problems of each comrade. With regard to style of work, initiative, imagination, creative spirit and the democratic processes need strengthening.

All of the conclusions reveal the firm and just determination to abandon outdated schemes, to pursue a more open line and to utilize potential, and the determination to find new solutions to new problems, to strengthen the dynamics of the collective wherein all members are called upon to act, to contribute and to create, within the JCP.

More open in its internal attitude, the JCP will certainly have a more open attitude toward life and be even better oriented toward the masses.

With equal certainty, it will make a greater effort toward unity among the youth and its organizations of a social and political nature.

The congress approved a platform for unity among Portuguese youth.

We are certain that it will undertake a broad political effort on this basis and will take the necessary steps so that the platform will not remain just propaganda material, but will be a tool for closer relations, discussion, understanding, cooperation and unity in specific activities and in struggle for all young democrats and the other broad masses of the youth.

The communists, in the JCP as in the party, are dedicated patriots and consistent internationalists.

The First Congress of the JCP represents an exalting assertion of the dedication of young communists to the interests of the people and the Portuguese fatherland, their consistent friendship and solidarity--based on proletarian internationalism--with the revolutionary forces throughout the world, with the USSR and the other socialist countries, with the national liberation movements and the new progressive states, with the workers' class in the capitalist countries, and with the struggle of young people in all countries and continents.

Forward to the future with the April youth!

Long live the First Congress of the JCP!

Long live the unity of the youth!

Long live April Portugal!

Long live the JCP!

Long live the PCP!"

International Delegation

Lisbon AVANTE in Portuguese 29 May 80 p 7

[Text] The First Portuguese Communist Youth Congress provided an important demonstration of the adherence of young people to the ideals of proletarian internationalism. The warm and enthusiastic greetings given all the foreign delegations represented at the congress were a high point in the two days of sessions.

It was initially planned that all of the delegations would be heard from the tribune of the congress. However, due to a lack of time, this was not possible. However, at midmorning on Sunday, all of the delegations which had not been able to speak were invited by the presiding officer to present their messages. This event constituted a high point in internationalist solidarity, as enthusiastic as the welcome for the delegations whose spokesmen were heard.

The 39 Delegations Present

The following organizations were represented at the first JCP congress:

World Federation of Democratic Youth (WFDY), headed by Secretary General Miklos Barabas;

International Union of Students (UIE), headed by Vice President Jorge Gonzalez;

Leninist Komsomol of the USSR, headed by Victor Michin (secretary of the CC [Central Committee]) and by cosmonaut Alexandre Ivanchaskov;

Youth Movement of the Popular Movement for the Liberation of Angola (JMPLA) of the People's Republic of Angola, headed by Jorge Inocencio Dombolo (of the National Committee);

FDJ of the GDR, headed by Ditter Muller (secretary of the CC);

MJCF [French Communist Youth Movement], headed by Jerantue le Gourrierec (of the National Bureau);

The ODYI of Iran, headed by Secretary Abdollan Shahbazi;

Dimitrov Youth of the People's Republic of Bulgaria, headed by Beltacho Ivanov (secretary of the CC);

The PLO, headed by Secretary Abderrahman Yaber;

The Ho Chi Minh UJC of the Socialist Republic of Vietnam, headed by Dung Ngo Anh;

SSM of the Czechoslovak Socialist Republic, headed by Michal Zozulok (vice president of the CC);

The Amilcar Cabral Youth of Guinea-Bissau, headed by Antonio Monteiro (of the national leadership);

FJCI of Italy, headed by International Secretary Maximo Micdecci;

UJC [Union of Young Communists] of Cuba, headed by First Secretary Reinaldo Parce;

KISS of the Hungarian People's Republic, headed by Sandor Nagu (secretary of the CC);

Lebanese Union of Democratic Youth, headed by Nasser Ghassan (of the executive bureau);

KNE of Greece, headed by Joseph Kafkalas;

Ethiopian Youth, headed by Kidaem Mariam Mogus (member of the revolutionary government);

SDAJ of the FRG, headed by Second President Vera Achenbach;

Spartakus MSB of the FRG, headed by International Secretary Almut Westecker;

FSZMP of the Polish People's Republic, headed by Zszawanir Jakubowski (secretary of the National Council);

Youth Section of the Brazilian PC [Communist Party], headed by Lucio de Sousa;

UJTSC of the Democratic Republic People's Republic of Korea, headed by Choi Hail Riong (member of the CC);

League for the Liberation of Working Youth of the United States of America, headed by Dennis Regier (secretary of the CC);

UTC of the Socialist Republic of Romania, headed by Vasile Bohtas (secretary of the CC);

JJCC of Chile, headed by Pedro Ac (member of the CC);

UJCE [Communist Youth Union] of Spain;

UJSC [Union of Congolese Socialist Youth] from the People's Republic of the Congo, headed by Gastar Oba;

EDON of Cyprus, headed by Constantinos Thmistocleans (secretary of the CC);

FJC [Communist Youth Federation] of Argentina, headed by Angel Negri (secretary of the CC);

SDNL of Finland, headed by Martin Sheinin (member of the CC);

SOL of Finland, headed by Pasi Tulki (member of the CC);

JCP [Paraguayan Communist Youth] of Paraguay, headed by Julio Rogas (representative in the WSDY);

KUJM of the Mongolian People's Republic, headed by Secretary Gurzov Jandlyn;

DKU of Denmark, headed by International Secretary Kurt Baek;

Federation of Democratic Youth of Iraq;

JCB [Belgian Communist Youth] of Belgium, headed by Daniel Remada (president of the French-speaking region);

VPK/KU of Sweden, headed by Alec Calberg (of the international department); and

FDJW of West Berlin, headed by Michel Rump.

Another delegation was to attend the first JCP congress, representing the youth organization of Democratic Afghanistan. However the Carneiro-Amaral government refused to allow it to enter our country, an action which led to a unanimous protest from all the participants at the first JCP congress.

5157
CSO: 3101

BRIEFS

INDUSTRIAL STAGNATION--The industrial situation--on the basis of the data of the Business Public Opinion Poll taken by the Ministry of Industry and Energy--is frozen. The demand index (-43 in February 1980) has stood for months at levels that can be considered extremely grave without any signs of improvement in the short or intermediate term. The demand index in short is beginning to level off. As regards stocks of finished products and with the 1977-78 peak a thing of the past, business inventories fell to a more reasonable level which is beginning to rise once again, moving 24 points beyond the point considered normal. As regards stocks of raw materials the level is very close to zero. In the meantime production witnessed a sharp drop in February 1980 with a slide of 12 points, which places this indicator once again at a low level, continuing its traditional sawtooth pattern. [Text] [Madrid ACTUALIDAD ECONOMICA in Spanish 26 Apr-2 May 80 p 7] 2662

BACKLOG OF ORDERS--Industrialists are not confident in the future either. However, one constant must be recognized: The prospects are always much more moderate than the existing situation. Both the trend in the demand index and production are at a level higher than a few months ago considering that since November 1979 they have witnessed an improvement. Despite everything, both indicators continue to be below zero and give the impression of getting ready to start on a new downward trend which will have to be confirmed in the next few months. Furthermore, both are moving at levels lower than those indicated last year at the corresponding period. Regarding the January 1980 statistics, both the trend in the demand index and that of production are practically halted. In terms of sectors, it is consumer goods which enjoy a higher level in the demand index, so much so that capital goods as well as intermediate goods have also shown a tendency to rise. [Text] [Madrid ACTUALIDAD ECONOMICA in Spanish 26 Apr-2 May 80 p 7] 2662

CONSTRUCTION SLOWS FURTHER--As if it did not have sufficient problems already, construction again experienced a sharp drop in its volume of contracts in February 1980. In all it slipped by 23 points compared to January 1980, which places this indicator at -66. By groups all stand below -50, with industrial construction and services having the most negative indexes. As for the rate of activity, it reflects a spectacular increase

compared to January though these figures cannot be considered representative since they are affected by various seasonal factors. The use of means of production stands at 22 percent, a figure which--obviously--does not leave too much room for optimism. Perhaps the only positive fact that can be noted is the movement of prices compared to the earlier month and which, through continuing at clearly high levels, reflects some moderation. All the indicators analyzed--manpower, ceramic materials, cement, iron and steel products, and overall price of execution--saw their cost levels drop. [Text] [Madrid ACTUALIDAD ECONOMICA in Spanish 26 Apr-2 May 80 p 7] 2662

CSO: 3110

TAX POLICIES INDUCE FOREST OWNERS TO CURTAIL PRODUCTION

Helsinki HELSINGIN SANOMAT in Finnish 13 May 80 p 35

[Article by Hannu Olkinuora: "Swedish Has Severe Shortage of Wood"]

[Text] Sweden's forest industry is experiencing the most serious shortage of wood in its history. Cellulose plants have been closed right in the middle of a full economic upswing. At the same time the price of wood is running out of control. In the most seriously affected areas in the southern portions of the country one can get almost any price for logs as well as fiberwood.

In the opinion of the industry the chief reason for this slump in lumber sales lies with private forest owners, who do not want to sell their trees because of high taxation.

The forest owners have a different opinion about who is guilty. According to them the industry has grown too large with respect to timber resources even though there is room for tax revision.

A discussion about changing the forest tax has been undertaken in Sweden. The present system based on income from sales has turned out to be so bad that many are recommending a transition to the surface area taxation used in Finland.

Erik Lundh, managing director of the Sveriges Skogsagareforeningarnas Riksforbund [Association of Forest Owners], casts an envious glance across the Gulf of Bothnia toward Finland. In his opinion Finland's forest owners have succeeded significantly better than Swedish forest owners in maintaining their timber trade in recent years in spite of drastic ups and downs in the economy.

Lundh accuses his fellow countrymen of making errors in the 1960's. At that time the Swedish forest industry concentrated on the development of tree harvesting and forgot about forest management. "Now there is too much industry, and the situation will not improve easily. Industry cannot expect to get the timber it needs until another recession."

Lundh considers that the organizations of Finnish forest owners have functioned better than their Swedish counterparts at least during this last economic upswing. "The secret behind the Finns' success may be that in Finland the

procurement of timber by Finnish forest owners is kept separate from the for est management associations. Here commercial activities are a part of the responsibilities of the association. Even though the Finnish system is more expensive and heavier, it seems to function better."

Forest Timber Cutting Is Being Demanded

In Sweden the already long drawn out discussion on forest taxation has recently become more animated as the situation has become more difficult. In the traditional Swedish manner a committee was set up to discuss the matter for an immediate clarification of the situation. However, even in Sweden it is not expected that the committee will accomplish much.

The Social Democrats have demanded temporary measures to force forest owners to cut down timber.

These proposals are being strongly opposed by industry as well as private forest owners. In the opinion of the industry any kind of interference by the state in the timber trade is bad. The forest industry wants to stand on its own feet. In Sweden there is sufficient experience from other areas with respect to state assistance, states the industry. The state has subsidized cuttings for the purpose of thinning out forests to the tune of 600 kroners per hectare, and the tax on forest income has been alleviated by means of tax exempt forest land.

In the discussion concern g the tax system, all the parties, including the Social Democrats, consider the surface area tax paid annually in Finland to be an alternative also worth considering for Sweden. Finland's Social Democrats, on the other hand, have demanded the adoption of the sales tax system since the present system favors the large forest owners.

Enough Wood to Meet Industry Needs

Lennart Schotte, managing director of Sweden's largest forest owner, Domanverket, which owns state forests, states that a transition to the Finnish system based on surface area and forest growth is possible if it is implemented over a sufficiently long period of time. "The basic problems of wood procurement is, however, the tax question. This we cannot avoid."

Schotte, who recently transferred from the industry to Domanverket, considers the industry's need for wood to be pretty much in line with current forest growth. "Naturally the renovation of plants will also increase capacity, but these are short-term phases."

Director Carl-Gustav Sundberg of the Cellulose and Paper Plant Association says that approximately 75 million cubic meters of forest can be cut down annually, which also corresponds with industry's needs if economic fluctuations are evened out.

Transactions will increase to approximately 63 million cubic meters during the current cutting year ending in July, which is a significant improvement over the barely more than 60 million cubic meters production of recent years.

However, Sundberg points out that there is approximately a 50-million cubic meter savings of Swedish forests left over from the 1970's.

However, there has not been sufficient wood to meet industry needs. Six Swedish cellulose plants have established a joint procurement enterprise, which regularly imports wood chips by ship from the United States. Nearly 8 percent of all fiberwood is imported from abroad. Timber is also imported from Poland and the Soviet Union.

Problems in the Transition Stage

Director Sundberg, who acts as chairman of the industry's joint wood pricing organ and sits on the forest taxation committee, considers the whole wood procurement problem to be the result of Sweden's general expenditure level and high taxation. "Forest management is not profitable, and all work is becoming less appealing to Sweden's citizens because of the taxation policy. Wood sales is not in favor since the income in addition to other wages is effectively taxed away."

However, Sundberg does not believe that a transition to a surface-area tax system would be possible as such. In the transition phase those who have refrained from selling their forests to date would make significant profits and those who have conscientiously cut down their forests would suffer because of the taxes they have paid on their transactions.

"The system cannot be changed radically but it can be slowly pointed toward a surface-area tax," states Sundberg.

In the opinion of forest owners the tax system cannot be easily changed at all. In the opinion of Managing Director Lundh the industry's talk about high expenditures in comparison with competing countries is "systematic rubbish".

"Of course, wood costs more here than in the United States. However, it is a question of a completely different part of the world and of social conditions. Moreover, even industry should take note that the American expenditure level is also rising."

Business Does Not Interest Forest Growers

In Director Carl-Gustav Sundberg's opinion the change in the forest ownership structure is partly responsible for the lack of wood. The proportion of land devoted to forest growing by forest owners has decreased and the owners have been replaced by those who cultivate asphalt and work in the cities while those who do live on the land cultivate trees only as a moonlighting job.

"The livelihood of such forest owners is not dependent on wood sales and they can afford to wait for higher prices. Their interest has fallen off in recent years due to the substantial drop in prices."

In the opinion of the forest owners the wood markets have operated in a manner completely contrary to other market developments in Sweden.

In 1976 prices were raised considerably even though the market was already on its way down. In the next 2 years prices dropped off a total of 25 percent even though an upswing had already begun. Wood prices were raised again this year but the level is still below that of 1976.

The large proportion of privately owned forests with respect to surface area emphasizes Sweden's difficulties. Even though the state, associations, and corporations own half of the forests, the proportion of wood production from privately owned forests is greater since they are located in more favorable growing areas in southern Sweden.

Forest Owners' Associations Are in Difficulties

The plants owned by the forest owners themselves are in the most serious difficulties. Sodra Skogsagarna as well as the NCB-company in the north have both been rescued by state funds and now are suffering from a serious shortage of wood. For example, Sweden's labor market problem came as a blow to NCB. The announced layoffs were revoked while production came to a halt.

Sweden's forest industry considers the difficulties of the forest owners' associations to be caused by the fact that in poorly managed companies problems reoccur. When the availability of raw materials became difficult, those who were forced to sell excess raw material reserves found themselves in serious difficulties when the wood shortage caught them by surprise.

The large companies in good financial standing for their parts enjoyed good-sized reserves and as prices rose made considerable profits.

Even the owners themselves have not come to the assistance of the forest owners' association. There is nothing wrong with the loyalty of the forest owners, but when it came to measuring matters in kroners, the situation was different, states Managing Director Erik Lundh of the Forest Owners' Association.

According to him the forest owners have cut down a considerable amount of wood this year. More production probably would have not been possible. The fact that some have not sold their trees at all is a result of the fact that a price rise is expected for the next season.

10576
CSO: 3107

POLITICAL LEADERS COMMENT ON CONSTITUTIONAL CHANGES

Ecevit Interviewed

Istanbul CUMHURIYET in Turkish 5 May 80 pp 1, 9

[CHP Chairman Ecevit interviewed by Ugur Mumcu]

[Text] Republican Peoples Party [CHP] Chairman General Bulent Ecevit wants workers and labor unions to come out in opposition to the changes in the constitution.

In disclosing his views with regard to the present debate on the constitution, the other replies the CHP leader gave to our questions are as follows:

Question: May we summarize your views in the following way? There is no possibility that the two big parties can reach an understanding with regard to the issue of amending the constitution.

Answer: That is right. The fundamental reason for this is that the two big parties have greatly differing understandings of democracy, vastly different definitions of democracy. To be more exact, there is a deep gulf between the leadership of the Justice Party [AP] and ourselves in this regard. Although I doubt that there is such a deep gulf in this regard between us and the AP rank-and-file, the ones, that is, who have not yet become converted to the Nationalist Movement Party's [MHP] outlook. However, what we are confronted with is the official attitude of the AP leadership.

The deep difference between the two big parties with regard to their understanding of democracy is such as to make it very difficult for democracy to function and for tranquility to return to the nation.

However, if the two big parties could reach an understanding on the matter of the definition and rules of democracy there would be no need to seek changes in the constitution and in regard to the system of government.

Question: Since you mention this, efforts are encountered, parallel to these constitutional changes, to restrict union rights, such as, limiting

the freedom to organize, as you have mentioned. If such efforts intensify further, we are apparently headed for an inevitable constitutional battle with the labor unions, which are dependent upon democracy.

Answer: We were the first organization in Turkey to indicate a reaction to the new measures proposed with regard to workers rights--to workers constitutional rights. The CHP and CUMHURIYET were the first to come out against the specter of the "sliding scale" under which this effort to shelve collective bargaining, the right to strike and the freedom to organize is being made. We shall certainly do our duty in this matter to the very end. However, I am of the opinion that there will be no need for a very great struggle because, as I have said earlier, while the CHP remains opposed, the constitution may not be amended. We shall use our strength in Parliament to obstruct any effort to limit the rights of working people in violation of the present constitution and even if our strength were not adequate to block such attempts I am of the opinion that our Constitutional Court would certainly invalidate such attempts. For the "sliding scale" proposal especially is definitely contrary to the workers' rights guaranteed by the constitution.

Surely the workers and the unions too must come forth in all their present strength to protect their own democratic rights and the constitution, which is their legal guarantor, within the rules of a democratic state founded upon law. Any efforts to injure or abridge them must be opposed with all democratic and lawful action. The labor movement must rise above its divisions, which have reached inhibiting dimensions, and on this issue at least unite their forces.

Question: How do you evaluate the rejection of the separation-of-powers principle by the AP chairman general?

Answer: On the issue of constitutional amendments the wishes of Mr Demirel and the AP leadership are in essence at odds with democracy and I believe may even stem from a lack of understanding.

A fundamental characteristic of democracy upon which, I believe, knowledgeable persons, even those who can entertain quite different definitions of libertarian democracy, can agree, is the limitation upon governmental power.

To maintain that elections, by themselves, make a libertarian democracy is insufficient.

One of the clear characteristics of a libertarian democracy is the existence of a definite measure of separation of powers. In order that democratic rights and freedoms are definitely guaranteed, governmental power must be limited to the required extent. In a libertarian democracy, one does not look for state power and effectiveness in single-handed governmental political strength and effectiveness. The limitation of governmental power within a pluralistic structure and a framework of separation of powers which depends upon the establishment of a balance constitutes the aforesaid libertarian

democracy. Mr Demirel and the AP leadership do not accept this. They reject separation of powers with the declaration that "disintegration of power is unacceptable," that is, they cannot stomach an independent judiciary or the right of the judicial establishment to oversee the executive. They cannot stomack a nonpartisan TRT or the autonomy of universities. They even cannot stomach the freedom of labor unions or, more than that, political freedoms. However, without these there would not be a democratic form of government in the sense that Mr Demirel refers to when he speaks of 23 state democracies.

Question: There are those who maintain that the free market economy, which the AP government's economic policy is pushing to the extreme, is the guarantee of a libertarian democracy. What are your thoughts on this matter?

Answer: Those who make this claim, among them the AP government and leadership, are in contradiction from a democratic point of view.

They claim that the free market economy and libertarian democracy are equivalent and that to the extent the free market economy is implemented to that same extent will democracy and democratic rights and freedoms be practiced.

In our view, most of those who defend the expansion of the free market economy to an extent inconsistent with social realities and needs and the reduction of state influence to a minimum level, especially Mr Demirel and his intimates, are those who on the political issue entirely reject the principle of separation of powers and claim that governmental power should be completely free from any controls whatsoever and should be concentrated in political hands.

So there we have the "South American model"--i.e., private enterprise, above all big capital, will be as free and powerful as it can become, political power will also be as unlimited, authoritarian and strong as it can become, and on the contrary political rights and freedoms will be as limited as they can become.

Question: Among those who favor amending the constitution or making changes in the "system" some have begun to espouse the presidential system. What are your views on this question?

Answer: The presidential system, leaving apart countries like Turkey where democracy has still not properly taken root or been soundly established, even in those countries where it has--we have seen in the last few days in America an example of just what disturbing consequences it can give rise to, how great a danger it can present to an entire society, even sometimes the whole world. A head of state who is chosen by a one-step election and consequently holds in his hands an immense degree of collective decisionmaking and executive authority, that person, unilaterally or at most together with three or four advisors, can take extremely important decisions which bring our region and the world to the brink of war. And the world is saved from disaster only by a "technical failure."

If the presidential system can lead to such disturbing results in a country like America with deep-rooted democratic traditions, a pluralistic social structure and advanced separation of powers, one can rapidly imagine where such a system could lead in Turkey, where democracy is not yet sufficient established.

Erbakan's Statements

Istanbul CUMHURIYET in Turkish 30 Apr 80 p 5

[Article by Mustafa Ekmekci]

[Text] Necmettin Erbakan, chairman general of the National Salvation Party [MSP], says that the efforts being made to amend the constitution, "assert that democracy and human rights are incompatible with one another" and that "the Justice Party [AP], in order to ascribe a reason for its own bankruptcy, relies upon fraudulent formulas such as 'nothing can be done with this Constitution.'"

In his statement to CUMHURIYET Erbakan said the following:

"From time to time we witness constitutional debates rising to the surface. This time these debates have struck an important and critical note. What is this note? After the 14 October election we had this to say to the country. Look, we said, we are witnessing the bankruptcy of an erroneous concept, the CHP [Republican Peoples Party] concept. In order to discover the right one, the true one and to save the nation, it is necessary to let the second vain concept go bankrupt now. And then it will be time for our MSP to perform its historic duty. Let this second vain concept have one more try at it, because in that way we shall have our opportunity. This is what we said then.

"So what has been the result? Blood, tears and suffering, it is just that point we have reached now. These periods have ended now, the referees have blown the whistle. Now somewhere they will find a pretext. We will find some way to blame the MSP, they thought. That is how it began. But is has been 5 months now. They could not find any way to blame the MSP. So they looked and they looked and they hit upon the constitution. 'Nothing can be done with this constitution, brothers;' and 'We would have put it right but they did not give us the chance.' So we have arrived at this historic moment for the reasons I have given. Very well, why are we to keep this bankrupt concept in office, in spite of its bankruptcy? So that it can find an excuse, first of all, and second, so it can come up with some fraudulent formulas. The constitutional debate has been brought up for these two reasons, artificially and purposely.

What Kind of Freedom Is This?

"Why artificially and purposely? Because the AP, which has made countless promises to the nation and failed to carry them out has no right whatever

to mention either the constitution or early elections, because they are the ones under obligation. (We are debating a free idea in a free society, are there no hitches in this constitution?) In this way, they try to introduce a wolf in sheep's clothing. Really, so you say you are so attached to free thinking. All right, so why is your business tyranny? Why then in peacetime do you bring proposals to the Parliament intended to install a wartime regime in this country? What kind of free thought, what kind of freedom is this? Why such an extraordinary state, why the State Security Courts?

"What is this wolf in sheep's clothing? The AP knows very well. It sees it is headed for bankruptcy. At a certain point it says 'How shall I stop this bankruptcy?' That is why it starts in on the constitution.

Underlying the Electoral System

"What is it that these constitutional champions have been writing in their articles? Of course, since they do not find it comfortable to talk about future events they find it convenient to skip from one issue to another. 'The party with 40 percent of the vote must be in office.' So what about the other 60 percent? Assume 30 percent to be AP. OK if we accept such a fraud, we might as well make it 100 percent. The basis of what they say about the electoral system and the constitution lies right there. And this, of course, has nothing to do with democracy, human rights, Turkey's prosperity or salvation.

To Delay Bankruptcy

"What is wanted here is to delay the bankruptcy of a minority, Western club concept, by various sorts of tricks and to insure its continuation. Let them give us an accounting. What kind of electoral system is this. Why does the MSP receive one parliamentary deputy for 53,000 votes? The AP and CHP receive one for every 25,000 votes. That is not enough. They want the MSP to get one deputy for 500,000 votes. What is the meaning behind this? At the present moment in Turkey the person who votes for the AP can be considered as casting two votes, the one who votes for the MSP only one. Because we are pariahs, slaves, second-class citizens. This is what your electoral law has done to us. If a person wants to give his vote to the MSP his vote will be halved. If the MSP gets 1.3 million votes they receive 24 deputies. If it receives 5 million votes then 200 deputies. The figures are so clear. Why our votes? Because we give voice to the national view. But they want the Western club to prevail. They say 'A vote for the Western club is considered two votes.' What now? They say, 'We could not provide stability.' So...'Our votes will now count for 10 votes, and the MSP votes for 1. Let's go, let's change the constitution in this way.' This is the implication of what they have said regarding the constitution and the electoral law. Those who vote for the Western club get 10 votes, those who vote for the national view get 1, let us provide stability.

The Presidential System--Something to be Played with

"The game they want to play with the idea of the presidential system goes like this: What would happen if this nation of 50 million should change to a presidential system? There are three separate conceptions: these are the MSP, the CHP and the AP. Now the AP says, 'I have divided this nation, people, by drawing a phoney line into communist and nationalist, leftist and rightist,' and caught up in their own propaganda and its results they say, 'What if this country were to select only one president, what would happen?' and think, 'In this country the MSP is in no position to win more than half the votes.' So I will put out propaganda to the effect, 'Heaven brothers, let's not let the CHP win, give your vote to the AP.' Everything they say about the presidential system boils down to this; the trickery that lies behind it, to capture the votes of those who otherwise might not vote for you by persuading them that otherwise they might give the CHP the victory. That is all it is.

"Coming to the subject of constitutional amendment, everything has its turn. As this time in Turkey when the nation is groaning from anarchy, from hunger, from shortages, and when the need to serve the country should be foremost, to abandon all this and occupy oneself with constitutional issues is a bit as if in a hospital full of groaning patients the doctors instead of busying themselves with the patients were to concern themselves with the constitution."

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TURGUT OZAL INTERVIEWED ON NORWEGIAN TV

Istanbul AKSAM in Turkish 25 Apr 80 pp 1,4

[Interview with Deputy Prime Minister Turgut Ozal by AKSAM]

[Text] Turgut Ozal deputy prime minister and acting under secretary for the State Planning Organization, has disclosed that the government has been trying to reach an understanding with the labor unions to insure that wage increases do not exceed the level of inflation. Ozal, speaking to a Norwegian television audience in a special program arranged by the Turkish News Agency [THA], said that industrialists and businessmen have been living through very difficult days because of a restricted flow of credit, but that the entire world would be witness to the fact that Turkey had overcome its problems.

The questions put to Turgut Ozal and his replies are quoted verbatim below:

Question: Are you of the opinion that in the days ahead Turkey can find its way out of the economic dead end it has been in?

Answer: When I undertook this job, I had never considered Turkey to be in a dead end, and today I still have the same opinion.

The entire world will be witness in the days ahead to the fact that Turkey has outstripped its problems. I believe that as a consequence of the measures taken by the government now at the helm the problems which we have can be solved, and, as a matter of fact, developments which have emerged in the past 2.5 months are the best proof that we are moving toward a solution.

Question: You maintain that despite the extremely high rate of inflation in Turkey it is unnecessary to apply price controls to any great extent. In such circumstances what are the chances that the measures you refer to can succeed?

Answer: In Turkey, we have neither complete price controls nor wage controls; this is our method. Instead of sweeping price controls we are implementing a broad range of money and credit controls. At the present time money is

very tight in Turkey and it is true that businessmen and industrialists are living through some very difficult days as a consequence. As money becomes tight, prices fall. During the month of March inflation diminished in Istanbul by a rate of 50 percent. I believe that the decline in April will be even greater.

On the question of collective bargaining agreements, we are trying to reach an understanding with the labor unions so that wage increases not be allowed to exceed the level of inflation. We are sympathetic with the desire of the workers to increase their wages through collective bargaining parallel to the rate of inflation, but we do not wish to permit these increases to rise above a certain level because this would create difficulties for us in controlling inflation.

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TUSIAD DEMANDS MEASURES TO BOOST SAVINGS

Istanbul MILLI GAZETE in Turkish 1 May 80 p 4

[Text] The Turkish Industrialist's and Businessmen's Association (TUSIAD) in evaluating the decisions of 24 January 1980 stated that the 1980 stability measures in their scope and philosophy were comparatively stronger and stood more chance of being successful than the stability measures of 1978 and 1979 but noted that in order to complete the package measures were needed to increase savings in both the private and public sectors.

In the TUSIAD glance-at-events bulletin evaluating the 24 January 1980 decisions, it was said that according to TUSIAD the rate of devaluation was an extremely debatable subject but that the time of its implementation was clearly unfortunate. The article said: "When one comes to the subject of determining the time of devaluation it was clearly an unfortunate one. For the fact that bridging credits, which were being found quickly, became impossible to locate at the moment of devaluation was certainly a distinct misfortune. Another matter concerning timing was the loss of revenue amounting to 33 billion TL resulting from the lowering of the stamp duty from 25 percent to 1 percent before the tax package had cleared the parliament."

The report states that measures taken to encourage domestic savings were inadequate. "In a period when the rate of inflation is 100 percent, the increase of interest rates by 2 points is definitely no solution. It is impossible to increase the stockpile of exportable goods in the economy without increasing savings and cutting back on consumption. From this standpoint, it is imperative to quickly complement the export encouragement measures with measures to increase domestic savings." On this subject it was said: "It is necessary to inspire an equilibrium through interest rates, to make a program embracing the important savings holders (particularly gold deposits, state bonds within certain limits, private-sector bonds in certain sectors, indexing alternatives for deposits of certain terms) and to close the savings gap in the economy." Other measures were evaluated as follows:

"The solutions to economic difficulties were not clearly explained to public opinion and the necessary support was not obtained from the people. If this

had been done, some labor unions would not have taken a negative position with regard to the measures without carefully examining them. It should have been said that the most advantageous course to take in bringing inflation to an end is through high employment and the purchasing power of salaried employees and wage workers."

In like manner, the government could have gained some points with public opinion by stating its position with regard to monopoly prices in the economy but this course was not taken. It would have been expected that in order for the operation's difficulties and benefits to be distributed in a more equitable manner the subject would be brought before the public in more open programs.

The government has not stated that it would try to hold important prices dow for stated periods and at stated levels and has not been able to create the atmosphere of confidence which is so imperative for business life. On this subject the government could have taken a moderate course by moderating the price rises in 8 or 10 important commodities through setting ceiling prices and could have thus inspired confidence (in Western Europe this method has been used in the struggle with high rates of inflation).

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ARTICLE 141, 142 CASES GIVEN TO MARTIAL COURTS

Istanbul HERGUN in Turkish 17 May 80 pp 1,7

/Text/ Ankara: It has been announced that the recent decision by the Court of Jurisdictional Disputes to the effect that civil courts would hear cases dealing with articles 141 and 142 of the Criminal Code had been made as a result of an error, and that the publication of the ruling in the OFFICIAL GAZETTE /RESMI GAZETE/ has been prevented in order for the error to be rectified.

Ahmet Boyacioglu, Chairman of the Court of Jurisdictional Disputes and Deputy Chairman of the Constitutional Court has stated that "Even if crimes involving articles 141 and 142 were committed prior to the Declaration of Martial Law and in provinces not under Martial Law, Martial Law Courts will try these cases." Expressing his views on a ruling made by the Court of Jurisdictional Disputes which stipulated that cases involving articles 141 and 142 of the Criminal Code in offenses committed before the imposition of Martial Law be tried in civil courts, Boyacioglu said that "There was a mistake; it shouldn't have happened." The Chairman of the Court of Jurisdictional Disputes also said that "The offenses defined in articles 141 and 142 provide the ideological justification for acts of violence."

Stating that, during the Court of Jurisdictional Disputes' deliberation of the decision "that was taken as a result of an error," a large portion of the permanent members had been absent and that auxiliary members had been in the majority, Boyacioglu said that "For this reason, an error was made, and an unfortunate decision resulted. However, as is known, the wording of article 15 of the Martial Law Statute is unequivocal: it states that, if there exists a general and shared commonality of purpose with any offense with which the military courts have dealt, then the cases of those who commit such crimes will be tried in the Martial Law Military Courts -- even if the offenses in question were committed outside the Martial Law areas.

"Furthermore, as was stated in the ruling by the Court of Jurisdictional Disputes, these offenses provide the ideological foundations for the crimes of violence which led to the Declaration of Martial Law. Our court, in its later decisions, has rectified an erroneous ruling which had been made in contravention of this fact."

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'MILLIYET' DECRIES DOMESTIC PLIGHT, FOREIGN MACHINATIONS

Istanbul MILLIYET in Turkish 23 May 80 p 5

[Column by Cetin Altan]

[Text] I do all I can to brighten for my readers the gradually increasing gloom in Turkey... to alleviate somewhat the pessimism and despair that grows from day to day, and to inject even a tiny droplet of "joie de vivre"... I try, but it just doesn't work.

Just as I am trying to get myself into the proper spirit to write something happy, reports arrive that Major-General Sabri Demirbag, Commander of the Tuzla Infantry School, has been the object of an assassination attempt, and that the RPP Provincial Secretary has been slain in Usak, and that an industrialist has been killed in Ankara.

I never have been able to grasp any essential logic in these violent attacks...

A bunch of secret organizations, some called leftist and some rightist, whose names even the self-proclaimed experts can't keep straight...

But, at first glance, they all seem to have the same goal: an end to democracy, and a seizure of power by the military...

After having tried to provoke a bloody mass slaughter at Kahramanmaras, the hidden gunsights which have been aimed at victims everywhere, from the Ministry of Justice to the universities and from the press to the security forces, have now begun to target on members of the military, even including a Major-General...

Contradictory rumors are rampant. We have no way to tell which are true, which are fabricated, and which are exaggerated...

I really cannot understand how the violent, underground terrorists defined as leftists expect to accrue any political advantage from the military's coming to power, and from the harsh policies which it may have to implement as a result of the tensions and problems that have been accumulating for years.

I am reminded of the Narodniki movements of the period 1870-1881: the movements of the anarchist intellectuals who believed that by assassinations, sabotage, and arousing the peasants, the Russian Empire could be toppled and freedom attained...

Their theorist was Lavrov. Today, no one even recognizes his name. They killed Alexander II, but were unable to obtain any result. Moreover, they ended up by alienating the public as well.

Lenin saw the Narodniki as the greatest threat to the power of the working class and, even though his brother was one of them, he had to struggle to the end against these intellectual anarchists.

Dimitrof's famous defense shows clearly that there is no connection whatsoever between sabotage and assassinations based in anarchism and the political movement of the working class...

The Spanish Civil War, as well, was a drama of incompetence, ostensibly performed for the benefit of the working class.

Why is it that, even though all this is well known, the secret organizations that call themselves leftists are so inclined toward the methods of the Narodniki, and are doing everything they can to bring the army to power?

I can't find any answer to this... because whatever logic their actions may be based on escapes me completely.

I am also unable to understand why the armed rightist activists are also trying to bring about military rule.

In a society such as Turkey with such a weak economy, military rule would panic the market to the utmost, rather than provide it with any safeguards... it would turn the industrialized democratic countries, which already have little liking for Turkey, completely against us, especially under the pressure of propaganda by the Greeks, the Armenians, and others.

And Turkey would remain all alone, unprotected, surrounded by hostile neighbors... She would be expelled from the Council of Europe; she would not be accepted by the Third World; and the Socialist bloc would pretend not to see her. The unfavorable internal conditions which such a situation would create would give rise to various other conflicts as well. What political gain would the right be able to hope for in such a situation?

I can't find the answer to this question, either; I just cannot perceive any basic logic behind such a position.

Another question to which I have been unable to find an answer is the one as to who equips and finances all these underground organizations? And what are the plans and aims behind this support?

In these sorts of endeavors, the results obtained are always quite different from the projected goals...

They are different because it is impossible to calculate the unforeseen surprises which the law of action and reaction, with all its many permutations, would cause.

For instance: you develop a plan based on destroying all the roots of the left, but you don't know what the reference points are by which the superpowers have drawn up their alignments in the region, and so you are forced into unforeseen straits.

Or else you think to bring the army out in opposition to the people, but the plan doesn't work so well in actual practice, and thus you wind up looking like an idiot, with no support at all, as happened once in Greece, and, to a degree, in Yugoslavia, and even in Lebanon.

There is no possibility of obtaining a position in domestic politics by efforts to stir up chaos. However: there may be those who expect benefit from such conditions to bring about other scenarios, which we are as yet unable to see...

There is no way for anyone to determine what these scenarios will be... not even for those who have thrown themselves into the effort to bring them about...

The two superpowers may have reached some agreement among themselves, they may have arranged different timing just between the two of them, or they may have "shelved" certain matters for a given time period...

As individuals, we have no way of knowing this, or even of foreseeing it...

But I definitely believe that no one in our nation will ever benefit from the chaos that has been unleashed in Turkey, and that there will be nothing gained from all the pain that our society has so needlessly suffered.

For our politicians to try to extract room to maneuver, according to their own individual interests, from this chaotic state of affairs is truly absurd.

Since neither institutional nor class equilibrium, neither organizational nor regional equilibrium, has been attained in Turkey, any effort

at concentrating power can but lead to an unexpected debacle, as in the case of the deposed Shah -- and in the case of fourteen deposed Ottoman sultans...

The soundest path for Turkey is not to strangle democracy, but to strengthen and develop it even further... This would be true security for everyone...

Here is where the answer lies... but nobody is paying attention...

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24 July 80

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